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Pan Am 103 May Move To Trial in The Hague U.S. Survivors Oppose Compromise With Libya on 2 Suspects

By Tomi Buerkle
International Herald Tribune

LONDON — The United States and Britain said Tuesday they might agree to allow the two Libyans accused in the 1988 terrorist bombing of Pan Am Flight 103 to be tried in the Netherlands, a potentially significant shift that could end years of diplomatic deadlock with Tripoli.

Secretary of State Madeleine Albright and Samuel Berger, President Bill Clinton's national security adviser, told families of some of the U.S. victims in a conference call Tuesday that they were discussing with British and Dutch officials the possibility of a trial in The Hague that would be conducted under Scottish law.

Officials stressed that no decision had been made and said there were numerous practical and legal difficulties to resolve. But the suggestion of a trial in the Netherlands, which has been advocated by many families of British victims but strongly resisted by most American families, would amount to a major change by Washington and London.

The State Department spokesman, James Rubin, said that some new ideas were "under discussion," but that no decision had been made. He said one idea would be a trial "by a Scottish court in a third country with Scottish judges."

The possibility of a trial in The Hague under Scottish law was first reported in The Guardian on Tuesday.

Until now, the two governments have insisted that Libya comply with UN Security Council resolutions and hand the two suspects over for trial either in

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This mother of month-old twins was caught up in the tidal wave with her infants and swept inland. She managed to clutch a palm tree, lash herself and her infants to it and hold on until the waters subsided.

Toll in Tidal Wave Now 1,200 Dead

With 6,000 Missing, Disease Threatens Survivors as They Await Help

Compiled by Our Staff From Dispatchers

ATTAPE, Papua New Guinea — Disease became a major threat Tuesday to survivors of the tidal waves that struck along the northwestern coast, as the official death toll rose to 1,200 people, with 6,000 missing.

Emergency medical teams struggled to treat hundreds of injured villagers, many fated to die from injuries or tropical illnesses spawned by the deep cuts they received when the waves hit Firi.

"There are still so many people still out there missing and yet to be accounted for," said the Papua New Guinea disaster coordinator, Colin Travers. "It is really horrifying — people's lives are nothing."

Survivors told harrowing stories of how they managed to stay alive after clinging

onto the tops of coconut trees, running for boats and swimming for their lives.

One little girl who had wandered injured and confused through the jungle for four days was found by news crews, while a woman managed to hang onto her newborn twins as she tied herself to a palm tree and emerged unscathed when the fierce waters subsided.

So far, only 2,527 people have been found alive out of the 8,000 to 10,000 believed to have lived in these remote coastal fishing and subsistence farming villages.

The Disaster Coordination Office said it expected the death toll to rise to 3,000.

The beach along Sissano lagoon, which was struck by three tsunamis, had become one long graveyard. About 700 bodies have been buried there.

As Australian aid workers opened a field hospital on high ground and relief supplies began trickling in, Papua New Guinea's prime minister, Bill Skate, toured the worst-hit villages and the Sissano lagoon, choked with dead fish and hundreds of decomposing human bodies.

"We are finding more dead bodies now than Monday. Every minute and every hour we find more dead bodies," Mr. Skate said. "I will always remember this as long as I live."

A district relief coordinator, Julian Yohim, said the countless bloated and swiftly decomposing bodies that remained in the disaster area, floating in lagoons and wrapped around trees, posed a major health risk.

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Loss of Jobs Pushes Indonesia Into Upheaval

Mobs Reported to Loot Plantations

By Michael Richardson
International Herald Tribune

CIPURINGIN, Indonesia — What can you do if you lose your job? Millions of Indonesians have.

You cannot do much if you are like Umang Sunwani — and millions of Indonesians are. He is a father of eight. He was among 150 workers laid off in May from a big palm and paper plant in Serang, a town west of Jakarta.

Today, he struggles to make ends meet by driving a minibus on day a week in the district around Cipuringin, his home village, 110 kilometers (about 70 miles) southwest of Jakarta.

"I've been applying for other jobs," he said. "But the bosses keep telling me they are firing, not hiring. I don't know what else I can do. I have to get food on credit from local shops, and I'm also relying on friends and relatives to help my family out."

A social upheaval, a potentially disaster, is sweeping through Indonesia, the world's fourth most populous nation. Huge numbers of people are losing their jobs.

During the boom decades these people flooded into the cities from the countryside to find work. Now they are returning to the crowded villages they came from, where vacant arable land is just as scarce as full-time jobs are.

See JOBS, Page 5

In Timor, Terror and Hope Intertwined

By Seth Mydans
New York Times Service

DILI, East Timor — There is an unsettling mix of terror and hope in this threadbare capital of the disputed territory of East Timor, where a solution to two decades of separatist warfare and military brutality suddenly seems possible.

The terror in this former Portuguese colony, born of decades of mutual mistrust, comes from new threats of violence that in recent days have caused thousands — and perhaps tens of thousands — of people to flee the territory, which was seized by Indonesia in 1975.

"Yes, I am very frightened," said Benny Pinanuan, a lumber trader who made Dili his home 14 years ago but evacuated his wife and six children by ship Friday. "They came to me at night, about 10 of them, and asked me if I was for integration or autonomy. I tried to explain to them that I am just a businessman. I don't care what flag they fly."

The hope comes from Jakarta, the Indonesian capital 2,200 kilometers (1,400 miles) to the west, where a bishop, a president, a United Nations envoy and a jailed separatist leader have been discussing formulas for peace. The four men, in round-robin meetings, seemed

to be moving quickly toward a framework that could include a period of dialogue followed by some form of autonomy and a referendum that could lead to independence. The talk was of gradual change that could take years to complete.

The United Nations still recognizes Portugal's sovereignty over the territory of 800,000 people, but until a month ago Indonesia, under its former president, Suharto, insisted on its right to East Timor. The shift came in June, when the

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AGENDA

Senate Panel Revives 'Fast-Track' Bill

WASHINGTON (AP) — President Bill Clinton's proposal for "fast-track" trade negotiating authority, all but abandoned by the administration, was revived Tuesday by the Senate Finance Committee.

By an 18-to-2 vote, the committee attached the long-languishing proposal to a popular House-approved bill designed to help African nations develop through expanded trade.

The move, led by the committee's chairman, William Roth, Republican of Delaware, could lead to political problems and difficult choices for many lawmakers, especially among

the House Democrats. Furthermore, it puts Mr. Clinton in an awkward position.

Although Mr. Clinton initially considered winning fast-track authority a key legislative initiative, that support drew criticism from many Democratic opponents of the legislation. As midterm elections draw closer, Mr. Clinton has not renewed the push for the legislation.

Fast-track authority enables presidents to negotiate trade agreements with foreign countries. Congress can either accept or reject such agreements, but not amend them.



UNITED NATIONS, New York (AP) — Four UN officials were shot and killed in Tajikistan while on patrol in the mountains east of the capital, Dushanbe, a United Nations spokesman said Tuesday.

The spokesman, Fred Eckhardt, said the bodies of a Polish and a Uruguayan military observer, a Japanese civil affairs officer and a Tajik interpreter were found by a search party Tuesday after they failed to report back to mission headquarters.

PAGE TWO Poland's Diabolical Radio Station

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The Intermarket Pages 4 and 10
The IHT on-line www.iht.com

UNORTHODOX — An Israeli blocking a power shovel Tuesday at a site of ancient graves, part of a religious-secular battle. Page 8.

Greenspan Renews Warning on Inflation

Fed Chief Points to Wage Pressures; Analysts Fear Rise in Interest Rates

By Mitchell Martin
International Herald Tribune

NEW YORK — Alan Greenspan, the Federal Reserve Board chairman, told Congress on Tuesday that the U.S. economy remained on a robust growth path, despite the drag of Asia's downturn, and that the central bank's policymakers would "resist vigorously" inflationary pressures.

His warning on inflation indicated the central bank was not likely to push down interest rates anytime soon and would consider raising them in response to pressures that could erupt from the tight American labor market.

Mr. Greenspan said the Fed might need to counter any "tendency for prices to accelerate" if wage pressures undermined "this extraordinary expansion."

"He didn't indicate, as people had begun to hope, that he might lower short-term interest rates," said Carol Stone, an economist at Nomura Securities International in New York, and "he did indicate that inflation remains his greatest concern."

The stock market weakened after Mr. Greenspan's presentation. The Dow Jones industrial average closed 105.56 points lower at 9,190.19.

The comments contrasted with Mr. Greenspan's previous semiannual testimony, in February, when he said the U.S. economy was finely balanced between the forces of inflation and the economic weakness emanating from Asia.

In his latest statement, however, the Fed chairman told the Senate Banking Committee, "Given the current tightness in labor markets, the potential for accelerating inflation is probably greater than the risk of protracted, excessive weakness in the economy."

Frank McCormick, an economist who is director of U.S. forecasting at Bank of America in San Francisco, found Mr. Greenspan's tone to be "hawkish." The Fed chairman, "basically said that the economy has to slow down. He expects it to occur through other forces, but if it does not, then the Fed will have to tighten."

"A number of factors likely will serve to damp growth in aggregate demand, helping to foster a reasonably smooth transition to a more sustainable rate of growth," Mr. Greenspan said.

Among these are further effects from the Asia crisis and a slowdown from high levels of domestic investment in housing, factories and equipment.

The central bank's official forecast was relatively sanguine. For 1999, the board plus the presidents of the 12 regional Federal Reserve Banks, predicted the economy would expand between 2 percent and 2.5 percent, while inflation, as measured by the consumer price index, would grow within the same 2 percent-to-2.5 percent range. They pegged the unemployment rate at 4.5 percent to 4.75 percent.

The 1998 growth rate was increased to a 3 percent to 3.25 percent range from the February prediction of 2 percent to 2.75 percent, but this largely reflected

strength in the first quarter.

The economy is expected to show a dramatic slowing from the 5.4 percent annual rate of expansion when second-quarter numbers are released.

Mr. McCormick said that although the inflation projection for 1999 was modest, it indicated the central bank would act, by raising interest rates if necessary, to keep it to the estimated range.

Significant parts of Mr. Greenspan's testimony, required twice a year under the Humphrey-Hawkins law, concerned weakness in the Asian economies.

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The Dollar		
New York	Tuesday 4 P.M.	previous close
DM	1.7875	1.7818
Yen	140.35	138.825
FF	5.992	5.975
Pound	1.644	1.6478
Dollar per pound		
The Dow		
	Tuesday close	percent change
105.56	9,190.19	-1.14%
S&P 500		
	1,165.07	-1.61%
Nasdaq		
	1,979.15	-1.74%

Russians See Loan by IMF As a Chance For Solvency

By Michael Wines
New York Times Service

MOSCOW — Fresh from two significant, if modest, successes with international lenders, Russia's leaders expressed hope on Tuesday that their ailing economy was finally turning the corner toward solvency.

Private analysts seemed less sanguine. They said the government had gained only a few months to get its fiscal house in order before it faced another financial crisis like the one that rocked the nation for the last several weeks.

On Monday, the Russians managed to calm foreign investors and halt the decline of the ruble when they obtained a \$4.8 billion loan from the International Monetary Fund in exchange for promising to make basic reforms in their tax and budgetary procedures.

That same day, they gained more breathing space when international investors bought up \$4.4 billion in long-term bonds to refinance exorbitant short-term loans that were coming due this year.

The new bonds, paying about 15 percent interest, covered a sixth of the short-term debt, which has been sold at interest rates of 50 percent and more.

Prime Minister Sergei Kiriyenko said Tuesday that the government now had the time and resolve to overhaul its tax code and tax-collection system to ensure that it does not end up in another cash crunch like this summer's.

"I think we can say that yesterday we completed a very important stage," he said. "And even more important is that we won it. I think it was an absolute victory."

Mr. Kiriyenko was referring not just to the new loans, but to the legislative program that he and President Boris Yeltsin proposed last month to address the government's financial problems.

The 25-point program, which included a new income tax, a new sales tax and increases in property taxes, bogged down in the Parliament, which approved barely a third of the \$16.2 billion in revenue-raising measures that Mr. Yeltsin had sought.

But over the weekend, Mr. Yeltsin sidestepped the Parliament's communists and regional governors, who feared the measure would cost them money, and put the programs into effect by decree.

Mr. Kiriyenko said the decrees were even more draconian than the earlier legislative program, and would raise even more than the government had sought.

Among them were orders to double the taxes on apartment houses and quadruple other land taxes, to place a 3 percent duty on imported goods and to extend Russia's 10 percent value-added tax to a broad range of products.

"The program has been approved, and it has started working," Mr. Kiriyenko said.

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Nigerians Wary of Military's Promise

Citizens Are Hopeful but Fear They'll Get 'Old Wine in New Bottles'

By Karl Vick
Washington Post Service

LAGOS — In the museum of Nigerian governments, a ramshackle little gallery tucked into the shady corner of a downtown parking lot, there is but a single free-standing exhibit. It is the bullet-riddled limousine that General

EUROPE

Clinton Plans Ireland Visits To Reinforce Peace Accord

By Peter Baker
Washington Post Service

President Bill Clinton will travel to Ireland and Northern Ireland in September to celebrate and try to reinforce the historic peace accords his administration helped negotiate this year, the White House has announced.

The trip will make up for a visit Mr. Clinton wanted to make in May, while he was in Britain meeting with other world leaders, but had to scrap.

Local leaders at the time asked that he stay away, warning that his presence would be seen as an unwelcome foreign *intrusion* in the days before voters in both north and south were to decide whether to ratify the Good Friday peace pact.

In the end, voters approved the plan decisively in both the Irish Republic and the British province, and leaders there have since extended invitations to Mr. Clinton to come see for himself what has been accomplished.

The president will use his visit to underscore the United States' strong support for the new beginning created by the Good Friday accord and its overwhelming approval by popular vote, "the White House said in a statement Monday.

The White House did not announce dates for the trip, but officials said the president and Hillary Rodham Clinton will stop in Dublin and Belfast for a few days on the way back from Russia after a summit meeting with President Boris Yeltsin. The combined trip is slated for the first week of September.

Mr. Clinton likely will use the opportunity to stress the importance of making the peace accord work and the economic and trade benefits that could follow if international investors become confident that they will have stable markets in which to work.

While condemning the recent violence, the administration has cautioned that it should not be allowed to become an obstacle to a lasting peace.

"You can't turn on a dime overnight," said a White House official who asked not to be identified. "There are going to be twists and turns along the way."

The British minister for Northern Ireland, Mo Mowlam, left Tuesday for a two-day visit to the United States.

Firebomb Charges Denied

A 23-year-old man appeared in court Tuesday on charges of murdering three young brothers in a firebomb attack during a week of sectarian violence set off when Protestant marchers were stopped from parading through a hostile Roman Catholic neighborhood, The Associated Press reported from Belfast.

Thomas Robert Garfield Gilmour of Ballymoney denied the charges during a hearing in Belfast Magistrates Court. Mr. Gilmour had no criminal record and denied being a member of any paramilitary organization, police said.

The Quinn brothers — Richard, 11, Mark, 10, and Jason, 9 — were killed in a July 12 arson attack on their home in Ballymoney, 40 miles (65 kilometers) northwest of Belfast.



Gerhard Schroeder, the Social Democratic candidate for chancellor, speaking Tuesday in Nuremberg. AP Wirephoto

Poll of Leaders Gives Kohl Little Chance

The Associated Press

BONN — Germany's top decision makers have largely given up hope that Chancellor Helmut Kohl will win reelection in September, according to a poll released Tuesday.

The survey of 600 business leaders and senior civil servants found that 70 percent expect the Social Democratic candidate, Gerhard Schroeder, to defeat Mr. Kohl and end 16 years of conservative rule.

Only 24 percent expect Mr. Kohl to win, although 59 percent would prefer

he stay for a fifth term, the Allensbach Institute poll said.

The telephone poll was conducted in June for the business magazine Capital, which commissions it three times a year. No margin of error was given.

Mr. Kohl, Germany's longest-serving chancellor this century, is trailing in voter polls for the Sept. 27 parliamentary elections. The survey by Allensbach — whose head, Elisabeth Noelle-Neumann, is a friend of Mr. Kohl's — gave him a new warning sign.

Those polled included business own-

ers and chief executives and state governors, government ministers and top officials of political parties.

More of the leaders expected Mr. Schroeder to lead a "grand coalition" with Mr. Kohl's Christian Democrats than in the previous poll, in March, while expectations that the Social Democrats will ally with the Greens party have declined.

Support for the Greens has fallen since they called this year for a long-term tripling of gasoline prices and limits on

foreign missions for German soldiers.

U.S. Suit Sought In Ski-Lift Case

New York Times Service

WASHINGTON — American lawyers representing seven of the 20 people killed in February when a Marine Corps aircraft severed a ski-lift cable near Aviano, Italy, are seeking to collect millions of dollars directly from the U.S.

Under a 1951 NATO treaty, relatives are supposed to sue for compensation through the Italian courts, which would determine culpability and damages.

Once a verdict is reached, three-quarters of the damages would be paid by the U.S. government and one-quarter by Italy.

But the lawyers are asking that the case be heard in U.S. courts because they fear it could take up to 10 years to be heard in Italy. They also said they believed the compensation would be more generous in the United States.

The lawyers are seeking several million dollars for each of the dead.

"These people were victimized by a U.S. airplane, and we as a country need to take responsibility," said John Eaves Jr., representing a mother and son from Katowice, Poland.

The House has approved \$20 million to pay for damage to the ski lift.

Havel Surgery Moved Up a Day

PRAGUE — President Vaclav Havel of Czechoslovakia will undergo abdominal surgery on Sunday, a day earlier than originally planned, doctors said Tuesday.

The operation aimed at removing a tube inserted into Mr. Havel's colon was originally scheduled for Monday, but the date was changed at the president's request, the news agency CTK quoted a doctor, Boris Stastny.

Mr. Havel suffered a ruptured colon and acute peritonitis in April while on vacation in Austria. (AP)

Schroeder Doubtful on Memorial

BERLIN — The front-runner to be Germany's next chancellor called Tuesday for a new debate over whether a national Holocaust Memorial should be built in Berlin, suggesting he was not sure it was needed. He urged a focus instead on preserving death camps as memorials to the Jews.

Gerhard Schroeder, the Social Democrat who leads Chancellor Helmut Kohl in the polls, with only two months to go until the election, made the proposal after the man he picked last weekend to be his cultural affairs adviser started speaking out against the much-delayed and much-criticized memorial project.

Michael Naumann, a New York-based publisher, told a Berlin radio station Tuesday that the memorial reminded him of grandiose building plans of Hitler's favorite architect, Albert Speer, known for such gigantic tributes to German glory as the Olympic Stadium in Berlin.

Turk Acts on an Election Date

ANKARA — Prime Minister Mesut Yilmaz of Turkey, under pressure to announce a date for early general elections, said Tuesday that Parliament would decide in October when to hold the polls.

Mr. Yilmaz, a conservative who heads a three-way minority coalition, told his party members serving in Parliament that he would call for a two-month recess beginning next week after a number of bills on education and local government had been passed.

A date for the parliamentary elections will be set after the break, he said. (Reuters)

Croatian Judge Detains 19 Serbs

ZAGREB, Croatia — A Croatian regional trial judge said Tuesday he would ask the police to detain 19 ethnic Serbs who have been free pending retrials on war crimes charges stemming from the 1991 war between Croatia and Serbia.

The decision by the judge, Petar Kijacic, is expected to deepen Serbian distrust of the Croatian authorities, who had promised fair treatment for Serbs in parts of Croatia that reverted to Zagreb's control in January.

The 19 had been convicted in absentia of killing Croats during the war and they were sentenced to prison terms of 11 to 20 years.

UN officials, who administered the territory temporarily, asked that the Serbian defendants remain free before and during their expected retrials. (AP)

GENERAL

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GO 0.970 FOD 0.3476

ALLEMAGNE (zone 1) DM - TVA 10%:
GO 0.93 SC97 1.28
MAX 1.03 SC97 1.36

BELGIQUE en FRA - TVA 21%:
GO 3.06 FOD 3.24
SC97 3.28 SC98 30.50

HOLLANDE (zone NL) NLG - TVA 17.5%:
GO 1.222 FOD 0.763
SC97 1.023 SC98 1.172

LUXEMBOURG LU - TVA 15%:
GO 17.74

ESPAGNE zone A1 en PTAS-TVA 16%:
GO 0.95 SC97 10.30 SC98 107.59

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BRIEFLY

Taiwan Applauds U.S. Resolution

TAIPEI — Taiwan expressed satisfaction Tuesday over a resolution passed by the U.S. House of Representatives in support of the nationalist island.

"We are very much pleased about the overwhelming approval of the resolution," the Taiwan government said in a statement.

In a vote of 390 to 1, the House on Monday reaffirmed its commitment to arm Taiwan and called on President Bill Clinton to require Beijing to renounce publicly any use of force to reassert control over Taiwan. The Senate approved a similar measure earlier this month. (APF)

Aid Groups Criticize Kabul Over Closings

GENEVA — Non-governmental aid agencies reacted angrily Tuesday to the Taliban militia's forced closure of their offices in Kabul, warning that the move would be suffering for the Afghan population.

The Islamist militia has ordered foreign aid workers out of their current premises in the city and told them to base themselves in a compound without water or electricity, an instruction many aid workers have defied. Nearly 20 aid agencies have had their offices closed.

A spokeswoman for the UN High Commissioner for Refugees, Judith Kuma, said: "The situation for aid workers in Afghanistan has become even more difficult over the past few days. This will inevitably have a detrimental effect on the 400,000 people in Kabul who have been benefiting directly from the NGO's assistance programs." (APF)

Traffic in Children Up

BANGKOK — Trafficking in children is increasing in Southeast Asia, with most of the victims being used by prostitution and beggar rackets, the International Labor Office said Tuesday.

Most of the children were being taken to Thailand, usually from neighboring Burma and Cambodia, it said in a statement.

Some 80,000 women and children had been brought into Thailand to work as prostitutes since 1990 and some 30 percent of foreign prostitutes here were under the age of 18, the group said, citing a study it had carried out before a three-day meeting on the subject in Bangkok beginning Wednesday. (APF)

Suharto House Delay

JAKARTA — Mounting outrage has forced the Indonesian government to delay a decision to allocate 26.6 billion rupiah (\$1.8 million) to a retirement mansion for former President Suharto, a governing party lawmaker said Tuesday.

"The funds will be used for other purposes," Paskar Sutera of Golkar told a parliamentary session.

State Secretary Akbar Tanjung defended the outlay Tuesday. He told angry lawmakers that the allocation for the house in Puri Jati Ayu in East Jakarta was "normal" for someone who had served the country for 32 years. (APF)

WAVE: Death Toll at 1,200

Continued from Page 1

Mr. Skate, who has declared a state of emergency, appealed to other countries for help — for doctors, food and building supplies.

Supplies of fresh water also were running low.

Japan said it was sending a team of 11 doctors and nurses that would arrive Wednesday while France said it would send aid worth \$110,000.

In a scene repeated along the coast, dozens of traumatized patients lay in makeshift beds on the grass outside emergency medical centers and hospitals.

With faces grossly swollen or broken limbs heavily bandaged or plastered, survivors sheltered on stretchers under tarpaulins or plastic sheets.

Many survivors had pneumonia after spending hours in saltwater, or had become infected with more common tropical diseases such as malaria.

"They all have fevers because they all have cuts somewhere on the skin and they are all infected and we don't have any antibiotics," said an Australian doctor at Sissano, Les Thompson.

At least seven villages were destroyed. The tsunami was caused by an earthquake that registered 7 on the Richter scale, followed 20 minutes later by a second quake that registered 5.7.

Relief workers said it was clear that the waves swept away far more children than adults.

Nick Mengkai, who lost his wife and two youngest of his four children, said: "I could feel the waves hit me on the legs and knock me on the head. I went down and kept rolling."

"Our lives were about to finish," he continued, "but we thought of God the Father and then we struck land and came up to the surface of the water and struggled to help ourselves."

Those less lucky were hurried high into the mangrove trees and wrapped around stumps. There their bodies still hung on Tuesday, horribly swollen and yellowed beyond recognition.

Officials said they were confident all the injured had been coaxed down from the bush where they fled in terror. (Reuters, AP, AFP, NYT)

Linchpin in Cambodia**Prince Campaigns in Key but Violent District**

Reuters

VIEHAR LUONG, Cambodia — Prince Norodom Ranariddh, the deposed first prime minister, took his election campaign Tuesday to a district that human rights workers call the most notorious in Cambodia.

Rights workers say the Tboung Khmum district in Kompong Cham Province has the worst record for voter intimidation and violence, but Prince Ranariddh said he was not afraid.

"I'm not scared of dying," he said. "There's insecurity not just in this area but throughout the country. I'm not worried about my own safety but my people's. If I were afraid of dying I wouldn't need to come here, but I have to take the risk."

Ousted by Hun Sen, second prime minister, a year ago, Prince Ranariddh drew about 3,000 enthusiastic people to a rally in Tboung Khmum.

At least three children and one woman were slightly injured when the crowd surged forward to catch a glimpse of the prince as he arrived.

"The head of our village tried to stop people from coming, but they came anyway," said a farmer at the rally.

Kompong Cham Province, northeast of Phnom Penh, is the most populous in Cambodia, and 18 seats are at stake in the election Sunday, the most of any province.

The province is seen as a stronghold of the government leader, Mr. Hun Sen, and his powerful Cambodian People's Party. Mr. Hun Sen was born in the province, and his brother, Hun Neng, is governor.

But in Cambodia's previous election, in 1993, Prince Ranariddh's royalist party won 10 seats in Kompong Cham, while the People's Party won only six.

Human rights workers report a steady stream of abuses and killings in Tboung Khmum district, which is the heart of Cambodia's rubber-growing region.

"It's a fiefdom run by people with important political connections," a rights worker said. "People with the guns and money run the whole show."

Opposition parties and rights groups

hold local officials linked to the People's Party responsible for countless reports of voter intimidation and some violence in recent weeks.

In the aftermath of Prince Ranariddh's ouster, United Nations officials said security forces controlled by Mr. Hun Sen's party were responsible for killing nearly 100 people, most of them supporters of the prince.

The UN office for human rights said Sunday that it was investigating 13 additional killings since late May that were thought to be political.

With so many seats up for grabs in Kompong Cham, rights workers say it is no surprise the province has such a poor rights record. "There's an awful lot at stake there," one said. "The CPP lost it last time and I'm sure they don't want to let that happen twice."

The third main contender in the election is the party of former Finance Minister Sam Rainsy.

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A Buddhist monk in front of the logo of Sam Rainsy's party at a rally Tuesday east of Phnom Penh.



Supporters of Prince Ranariddh holding the flags of his royalist party in Kompong Cham Province on Tuesday as they awaited his arrival.

Front-Runner in Japan Borrows Rivals' Ideas

Reuters

TOKYO — Foreign Minister Keizo Obuchi stoked his image Tuesday as front-runner to be the next prime minister of Japan, co-opting major policy ideas from his two rivals.

Mr. Obuchi bunched earlier policy statements by putting top priority on fixing Japan's bad-loan mess — lifted from the veteran politician Seiroku Kajiyama — and vowing to overhaul the pension system — invading the turf of Health Minister Junichiro Koizumi.

With his new manifesto, Mr. Obuchi, the governing Liberal Democratic Party's establishment candidate, sought to appear the best all-round man for the job, adding to his credentials as the only candidate to specify how much he would cut taxes and the only one with a track record in diplomacy.

He donned the mantle of front-runner for party president, and thus prime minister, just as domestic media said he had the early lead in the head count for the party vote Friday.

The daily Yomiuri Shimbun said Mr. Obuchi appeared to have won up about 170 of the 207 votes needed, outstripping Mr. Koizumi's 90 and far ahead of Mr. Kajiyama's 60. The newspaper said the race was still in flux, however, as 90 votes were undecided or unclear.

Separately, a key supporter of Mr. Koizumi, 56, told reporters the health minister had at least 105 votes.

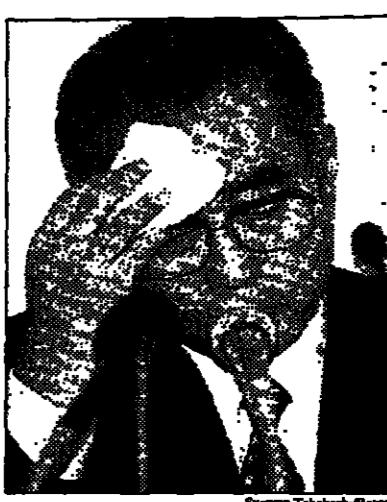
The three are vying to replace Prime Minister Ryutaro Hashimoto, who is resigning over the Liberal Democrats' disastrous showing in parliamentary elections last week.

Mr. Obuchi, 61, added little of substance to his proposals but said: "As we rebuild our economy, it is absolutely essential that we proceed with settlement of bad loans."

His paper — issued in English as well as Japanese — said bad-loan resolution must be attacked first.

But he sought to distance himself from Mr. Kajiyama's almost obsessive focus on the financial sector by adding: "We must be careful not to make the mistake of assuming that the real economy will improve simply through the settlement of bad loans."

Mr. Kajiyama, the 72-year-old former



Foreign Minister Keizo Obuchi at a news conference Tuesday in Tokyo.

chief cabinet secretary, has won favor with financial markets for his aggressive stance of "major surgery" on the nation's banks, forcing them to disclose more of their problem loans and set aside money based on the classifications of their expected ability to recover the loans.

He has repeatedly said Japan could do without half its present number of banks.

Mr. Obuchi, pressed on whether banks that need to fail should be allowed to fail, said only: "It can't be helped."

He also fleshed out plans to "relieve the public's anxiety" through such means as a "sweeping reform of our pension system."

In addition, he made promises regarding the nation's pension and health insurance systems, vowing to ensure that premiums paid under the Employee's Pension Insurance scheme be held under 10 of an individual's total earnings, to maintain the National Health Insurance system and enhance a planned Nursing Insurance System.

These proposals appeared to be an effort to trump Mr. Koizumi, who declared Sunday that anyone thinking the national pension system was in trouble was "absolutely mistaken."

INDONESIA: As Millions of People Without Jobs Return to Their Villages, the Nation Is Pushed Into Upheaval

Continued from Page 1

52,500 rupiah (\$3.60) per person per month.

"No country in recent history, let alone one the size of Indonesia, has ever suffered such a dramatic reversal of fortune," the World Bank said in a report to the Indonesian government and international donors.

"Social unrest has erupted and shaken to its very core the political stability of the nation. Years of development and poverty-reduction are at risk."

As unemployment and inflation soar, many Indonesians are struggling to pay for essentials such as rice, cooking oil, sugar and milk.

General Wiranto's warning followed an increasing flow of reports from dif-

ferent parts of the country of mobs raiding palm oil, cocoa and coffee plantations, and rice and shrimp farms, to steal the valuable cash crops, many of which are normally exported.

It also followed moves by groups of farmers and laborers to occupy land they say was wrongly taken from them during the 32-year rule of President Suharto, who resigned in May after a wave of demonstrations and riots.

For example, several hundred peasants have occupied part of a cattle ranch of 750 hectares (about 1,850 acres) near Bogor, south of Jakarta, that belongs to the former president. They have begun to plant corn. In the same area, local people have invaded a golf course and turned part of it into a market garden.

Plantation owners on the main Indonesian islands, Java and Sumatra, have reported night raids on their crops. "It's a big problem, and it's costing us money," said John McEwan, general manager of PT Bakrie Sumatra, which runs a 23,000-hectare (56,800-acre) palm oil plantation in central Sumatra.

While there is debate about whether the thieves are hungry villagers or organized criminal gangs, planters said that such looting was rare in the past. They say it reflects either increasing social desperation or increasing contempt for authority, or both.

Either way, the looting has damaged confidence among investors and businesspeople just when their money is most urgently needed to create jobs.

The growing rural lawlessness comes on top of repeated looting and arson

attacks at shops, factories and property owned by Indonesia's ethnic Chinese minority. These attacks have disrupted the distribution of basic goods.

"This is all very negative for the economy," said Sofyan Wanandi, the chairman of the privately owned Gernala group of companies. "There seems to be no law or law enforcement in Indonesia. No one is being punished."

Mr. Wanandi, who often acts as a spokesman for the Chinese Indonesian business community, said that ethnic Chinese were worried that the current lawlessness would descend to anarchy and lead to revolution, with the Chinese as the prime scapegoats.

Hadi Mohammad, the head of the Al Hidayah Islamic School Association, which runs dozens of schools for

Muslims in the district surrounding the village of Cipuringin, said that many of the jobless Indonesians returning to the area from Jakarta and other cities had trouble readapting to rural life.

"Criminal activity has increased somewhat recently," he said. "Most of it is petty theft, without violence. But we are concerned that it could become more serious without government intervention."

The World Bank, in its report, calls for the government, with foreign support, to subsidize food and ensure its distribution and to create jobs through community public works programs.

The report was prepared for consideration at a meeting next week in Paris that will bring together the government and its principal foreign aid donors.

TIMOR: Dili Hopes, Fearfully, for Peace

Continued from Page 1

man who succeeded Mr. Suharto, BJ. Habibie, offered East Timor an ill-defined "special status."

Since its annexation, East Timor has been Indonesia's greatest international embarrassment, the source of most of the complaints about its human rights record and, with its poverty and instability, a drain on the resources and energy of the central government.

No one knows whether the territory's conciliatory forces or its violent history will prevail.

"It's too early to tell what will happen," a Western diplomat said. "It could turn into a very messy situation. It depends on whether the moderate elements there have enough influence. If the hotheads win out, East Timor could be headed for serious problems."

Over the weekend Dili was a near ghost town of shuttered shops and silent streets as many of its remaining residents held a stay-at-home protest to mark the 22nd anniversary of Indonesia's annexation of East Timor.

"I'm greatly encouraged," the UN envoy, Jamshed Marker, said recently after meeting with Mr. Habibie; the Roman Catholic bishop of East Timor, Carlos Ximenes Belo, and the territory's imprisoned independence leader, Xanana Gusmao.

"I am very optimistic that a solution can be found," Mr. Marker said, in one of the most upbeat assessments heard from an official since Indonesia invaded the eastern half of the island of Timor in 1975 and annexed it as province the next year. He said the foreign ministers of Indonesia and Portugal had agreed to meet in New York in two weeks to try to move the talks forward.

In Dili, habits of conflict remain strong and the prospect of change seemed only to have heightened suspicions between the separatists

EDITORIALS/OPINION

Herald Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

Keep Pressure on Lagos

By setting elections in Nigeria for early next year and promising a civilian government by the end of May, General Abdulsalam Abubakar on Monday pointed his country toward democracy. Unhappily, he did not remove himself or his fellow generals from power immediately, leaving open the possibility that the military will once again betray Nigeria with false promises of reform.

Since taking power after the death of General Sani Abacha last month, General Abubakar has made welcome democratic gestures. He has released a few dozen political prisoners, and on Monday he said he would free 10 more who are being held for supposedly plotting a coup against General Abacha in 1995. He has also criticized the undemocratic Abacha regime and said his cabinet would include civilians.

General Abubakar has a better reputation than some of his predecessors, but it would still be naive to trust him or his colleagues to carry out a democratic transition. His speech, originally set for last week, was probably delayed

— THE NEW YORK TIMES.

War Crimes Court

The many nations that approved formation of a permanent international criminal court created an instrument to prosecute selected genocides, war crimes and crimes against humanity. The few that voted against, including the United States, can enjoy whatever benefits these proceedings may bring — without compromising their objections to some of the particulars.

Was the United States right stay out? The Clinton administration made a decision consistent with American interests. There is some embarrassment in rejecting a court whose establishment had been an American goal for decades. But the form this court finally took did not make it possible for the United States to join.

American troops are liable to be deployed around the globe to support a variety of foreign policy interests. To ensure that these troops enjoy the requisite flexibility and are not vulnerable to mischievous political prosecutions — think of the snatch of General Manuel Noriega in Panama — is a necessary feature of American internationalism. No doubt a general emphasis on the immunity of one's own soldiers would carve out the heart

— THE WASHINGTON POST

Climate Change Research

In its zeal to block a treaty that many of its members despise, the U.S. House of Representatives is in danger of also blocking useful research and discussion. Taking up an appropriations bill for the Environmental Protection Agency, the House should take a half-step back from what could amount to a counterproductive muzzle on the Clinton administration.

The issue is climate change — the danger that human industrial activity is emitting gases into the atmosphere that over time may change global weather patterns in disastrous ways. Last December, representatives of the world's nations agreed at a meeting in Kyoto, Japan, on a framework to tackle this problem. The Clinton administration supported the Kyoto Protocol but did not submit it for Senate ratification. For good reason: The treaty, in its present form, is flawed and incomplete.

But that does not mean all research into climate change should stop. The heat wave now gripping the U.S. South is no proof that global warming is real, despite President Bill Clinton's claim; no single weather event can be reliably attributed to greenhouse gas accumulation. But the accumulation is an undeniable fact, and the potential perils cannot be wished away.

President Clinton says he wants to improve the treaty before submitting it to the Senate. Many in Congress suspect he will seek to implement it piecemeal, without their approval. So the Senate would bar any administration action taken "solely" to comply with Kyoto, a reasonable restriction.

The House bill goes further, barring any action taken even "in contemplation of implementation" of Kyoto. Seminars "on policies underlying the Kyoto Protocol" would be barred. This broad language could be read to end work on pollution reduction that was going on long before Kyoto, and that would be useful whether the Kyoto treaty existed or not. It could even bar

— THE WASHINGTON POST

Other Comment

Electronic Commerce

Keep an eye on e-commerce. That's the buzzword for all the goods and services now sold and purchased on the Internet. Business transacted on the Net, while only about 1 percent of the U.S. economy, is skyrocketing.

If e-commerce takes off as projected, with consumer sales rising 23 percent to \$20 billion by 2000, long-term investors will end up happy. But for all its Wall Street allure, e-commerce poses challenges to traditional ways of doing business, from pricing to employment.

Cities and states will have to rethink the current paradigm of economic development and taxation. Are megastores and shopping centers less essential in an e-commerce world? Can business on the Net somehow raise the same revenues for states and cities as stores and offices? Will jobs be lost?

These hard questions are the thorny side of e-commerce; its rosier side is lower prices for shoppers, lower costs for businesses and more discretionary time for harried consumers.

— Los Angeles Times.

For the Moment, America the Supertanker Steams On

By Thomas L. Friedman

WASHINGTON — There was a funny political cartoon recently, spoofing the fact that nothing President Bill Clinton does seems to affect his poll ratings — as long as the stock market keeps rising. The cartoon showed a newscaster announcing that a severed head had been found in President Clinton's sleeping quarters in the White House, but with the Dow having reached a record high the U.S. public was indifferent.

Lately the whole world has started to remind me of that cartoon. I half expect the newscaster Dan Rather to begin the evening broadcast like this:

"And here are tonight's headlines: India and Pakistan leveled each other's capitals today with nuclear bombs. The Taj Mahal went up in a mushroom cloud. In Moscow today, Russia declared bankruptcy and closed for business. In Asia, the Thai, Korean and Indonesian economies sank into depression, while in Japan the country's political leadership was in such a state of confusion that the main headline in one Japanese newspaper screamed: 'The People of Japan Are Home Alone.' Meanwhile, OPEC was in disarray today as the price of crude oil fell again, making gasoline much cheaper than Diet Coke. But on Wall Street, the

Dow hit a record high on expectations of higher corporate earnings..."

How long, oh Lord, how long can the United States keep thriving while everyone else is in turmoil? Is America now on another planet or what? I posed that question to Goldman, Sachs' renowned market analyst Abby Joseph Cohen. Her answer: It can last longer than you might think.

Ms. Cohen argues that the U.S. economy is a lot like a supertanker: It's not the prettiest of ships, not the fastest — but once it got on the right course, once the U.S. government and leading corporations went through the necessary deregulation and streamlining to get ready for this era of rapid technological change and global markets — this U.S. supertanker is not easily set off course, and it's the sort of ship you want to be on when the seas get rough."

Sure, the United States must care about what happens abroad, says Ms. Cohen. After all, America is the world's largest importer and exporter. But the U.S. economy is so big that foreign trade is still only 13 percent of overall U.S. economic activity, which remains

"quite robust," notes Ms. Cohen. Moreover, U.S. foreign trade is divided pretty evenly among Western Europe, Asia and North and South America. So while Asia is on its back, Canada, Latin America and many Western European countries are getting stronger.

Also, notes Ms. Cohen, when you look into the U.S. economy you see that we Americans, for the most part, are not competing with China to sell stuffed toys or VCRs, which have become commodities. We are not even competing with Malaysia to sell basic computer chips.

An increasing portion of U.S. exports are advanced technology items or high-level services — all of which have a high value-added component and are not easily substituted by some lower-cost producer.

Moreover, what is hurting so many other countries — the fall in the price of oil and other commodities and the slowdown in Asia — helps keep inflation and interest rates low in America.

This combination of falling gas prices and interest rates has amounted to a huge tax cut for Americans, and with the U.S. economy now restructured it can take full advantage of these lower input costs.

Japan, Germany and France, by contrast, are still hybrid economies. They have some truly world-class, restructured, globalized companies — like Toyota and Sony — but also a lot of laggards. That is why America's markets today have replaced gold as the place many people want to put their money in times of uncertainty.

So what could wipe the smile off America's face?

Everyone is waiting for some "event." But there really was no event that triggered 1929 or October 1987. What America is most vulnerable to is actually a subtle, collective change in mood — so that the next time the market dives, instead of lots of people buying on the dip, and therefore putting a bottom under any market fall, they sell on the dip.

Yes, there are some solid fundamentals underlying America's strength today, and those competitors and investors who underestimated them have lost a lot of money. But overestimating can be just as dangerous. "Strong" and "invulnerable" are two different things.

That is why the only thing we have to fear is the lack of fear itself.

The New York Times.

China Crows Over Clinton's New Policy Toward Taiwan

By Richard Halloran

HONOLULU — The Chinese government has wasted little time in seeking to turn to advantage President Bill Clinton's new policy on Taiwan, which he enunciated during his recent visit to China.

Despite administration disclaimers that Mr. Clinton had broken no new ground, the record shows that he has become the first president to commit the United States to Beijing's concept on the fate of Taiwan, the island nation of 21 million people that considers itself independent but that Beijing claims is a province of China.

Shortly after Mr. Clinton left China early this month, the spokesman for the Foreign Ministry in Beijing, Tang Guoqiang, stated: "We attach great importance to these commitments."

Next, the Chinese ambassador to the United Nations, Qin Huasun, wrote a stinging letter to the UN secretary-general demanding that the question of Taiwan's admission to the United Nations be struck from next fall's agenda.

Then came a coy reminder of Beijing's claim from China's minister of science and technology, Zhu Lian, who — on a recent trip to Taiwan — said she was "very pleased to visit the motherland's precious island."

She was the first cabinet minister from the People's Republic of China to visit the Republic of China on Taiwan.

Mr. Clinton's critical disclosure came during a roundtable discussion in Shanghai in which he discussed his

meeting three days earlier with President Jiang Zemin in Beijing.

The president said he had told Mr. Jiang that America did not support independence for Taiwan, or two Chinas or one Taiwan-on-China.

"And," he said, "we don't believe that Taiwan should be a member in any organization for which statehood is a requirement."

Contrast that with Mr. Clinton's statement in Mr. Jiang's presence during the Chinese leader's visit to the United States last October, in which the president put U.S. relations with Taiwan and China on an equal footing.

American policy, Mr. Clinton said, "has allowed democracy to flourish in Taiwan and provides a framework in which all three relationships can prosper — between the United States and the PRC, the United States and Taiwan and Taiwan and the People's Republic of China."

Until Mr. Clinton told Mr. Jiang that America accepted what are known as the Three No's, the United States had not committed itself on the issue of sovereignty over Taiwan.

The question was not settled in the Shanghai communiqué of 1972, which says only that the United States "acknowledges" that Chinese in Taiwan and on the mainland claim to be the rulers of China, including Taiwan.

Henry Kissinger, President

The president's nuanced shift in policy came during the winter as U.S. and Chinese officials prepared for his trip. The Chinese wanted a fresh commitment on Taiwan in writing. Clinton officials declined but signaled a policy change during testimony before Congress and in press briefings.

Deputy Assistant Secretary of State Susan Shirk, for instance, told Congress in May:

The island has assumed strategic importance to Beijing, which has secured China's land borders and turned its attention to its coast.

"We do not support 'two Chinas' or 'one China, one Taiwan,' Taiwan independence or Taiwan's membership in the UN."

The president's statement in China carried far more weight, however, as could be seen from the trumpeting of Chinese officials and the official press.

The People's Daily, noting that Mr. Clinton was the first U.S. president to openly articulate a policy toward Taiwan, said: "Clinton's remarks indicate that the U.S. government has clearly realized the importance of the settlement of the Taiwan issue."

China's Foreign Ministry

spokesman, Mr. Tang, said: "We hope that the Taiwan authorities will have a clear understanding of the current situation, face realities, bear the just national cause in mind, return to the 'one China' stand as soon as possible and respond promptly to our call on holding political negotiations."

In fact, however, Taiwan has been urging Beijing to resume talks that Beijing broke off three years ago after Taiwan's president, Lee Teng-hui, was permitted to travel to Cornell University for a reunion. Taipei has insisted that new talks be held on a basis of equality and without conditions.

China is obsessed with Taiwan because Beijing sees the island, ceded to Japan after the Sino-Japanese War of 1895, as a vestige of China's humiliation by Japan and Western colonial powers in the 19th century. Nationalism, which erupted when Hong Kong was returned to China by Britain last year, demands the conquest of Taiwan.

Moreover, Taiwan has assumed strategic importance to Beijing, which has secured China's land borders and turned its attention to its coast. Taiwan is centered in a chain of islands running from Indonesia and the Philippines in the south to Japan and the Russian Kamchatka Peninsula in the north.

A fresh study from the National Defense University in Washington says that within this so-called zone of active defense, "China plans to be the dominant power."

International Herald Tribune.

A Blueprint for Containing Kosovo's Mounting Crisis

By Jane E. Holl

LOS ANGELES — As

Kosovar rebels acquire increasing amounts of weaponry, ammunition and experience through tactical triumphs against the Serbian military, Belgrade responds by shelling Kosovar cities.

Hundreds of civilians are fleeing the violence. Casualties on both sides are mounting. The fighting, despite repeated efforts by the international community to end it, raises deeply vexing questions: What can be done about the situation? Who should do it?

Kosovo is at a crossroads, and a familiar one. Its situation is eerily reminiscent of the early phases of the war in Bosnia. Three paths lie ahead.

The first is one of persistent, chronic, low-level violence.

Hundreds, perhaps thousands, will be killed; tens of thousands will be displaced. But people will adapt. The fighting will slip in and out of the international community's consciousness. Such was the pattern in Bosnia, whose war lasted four years until an uneasy peace was achieved.

In Kosovo, so great is the enmity that unless a breakthrough is made soon, fighting could continue for years and descend into that special hell known as generational warfare.

The second is one of dramatically expanding violence. Standard predictions of "Kosovo contagion" see the war spreading to Albania and Macedonia, potentially involving Greece and Turkey, two members of the North Atlantic Treaty Organization already antagonized over Cyprus and the Aegean.

Also possible is the disturbing prospect that, as the NATO force in Bosnia downsizes and the Serbs are distracted in Kosovo, leaders in Bosnia might miscalculate and wrongly see an opportunity to undo Bosnia's de facto partition. Sandzak Muslims could

move to secede from Serbia and join Bosnia, and Bosnian Croats could exploit the situation to break away. Thus, violence could erupt anew in Bosnia despite the presence of some 30,000 NATO troops.

Western states will not permit this scenario to materialize, for while they may be unsure about how to deal with the violence in Kosovo, they are certain that the fighting cannot entangle NATO members or jeopardize what has been achieved in Bosnia. The United Nations also is likely to remain diligent, especially if Serb shelling of Kosovar cities continues in defiance of international demands.

Sustained media interest will help keep policymakers accountable.

At this stage, the United States must stay clearly in the lead, even in this "European" problem. For the past 50 years, the states of Western Europe have cast their security lot with America. Especially now, preventing a Balkan conflagration is a burden for NATO, and leadership of NATO is a burden for the United States.

The United States, furthermore, is the international player most exposed on the Kosovo problem because of its strong rhetoric, its high-profile diplomatic engagement and its decisive role at Dayton. It is most capable of mobilizing international action, including military strikes, should they prove necessary. But it can do so only from a position of leadership.

To do this, Washington should mold its policy around a preventive strategy to defuse the potential in Kosovo for open warfare.

Outside action cannot substitute for the steps leaders in Kosovo and Serbia must take on their own behalf, but it can create the conditions to permit the necessary movement to avoid violence.

What should be done?

First, keep the leadership on both sides of the crisis intensively engaged. Presidential envoy Richard C. Holbrooke's continuing presence in the region is a signal that Washington recognizes this imperative.

Second, keep the situation in Kosovo high on the agenda of the United Nations and the

European regional organizations. This sends the message that the status quo is unacceptable: Mr. Milosevic must negotiate a solution to the Kosovo issue, and rebel violence will not yield success.

Third, institutionalize a permanent, multilateral observer presence on the ground in the form of a strong nongovernmental or Organization for Security and Cooperation in Europe operation.

Indeed, Mr. Milosevic's agreement to permit monitors in the region is only a short-term OSCE mission.

Fourth, in the context of this preventive strategy the question becomes: Under what conditions will military steps by NATO contribute to an immediate easing of tensions between Serbs and Albanians? In

Europe regional organizations. This sends the message that the status quo is unacceptable: Mr. Radich must negotiate a solution to the Kosovo issue, and rebel violence will not yield success.

In addition, begin a military-to-military dialogue with the Serbs through NATO. The Serbian military leadership must be made to understand its responsibilities in this crisis, and soldiers have great credibility with each other.

The situation in Kosovo is not hopeless, but neither is it self-healing. Outsiders can help prevent this conflict from expanding. They should act now.

The writer, executive director of the Carnegie Commission on Preventing Deadly Conflict, served on the National Security Council from 1991 to 1994. She contributed this comment to the Los Angeles Times.

International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Rendezvous Site

PARIS — [The Herald says in an Editorial:] Morocco has at last made an official declaration of neutrality, and the idea of making the rendezvous for Commodore Watson's fleet at Tangier will consequently have to be given up. Port Mahon, in the Balearic Islands, may, however, serve the purpose equally well. The prospect of Commodore Watson's visit is causing quite a scare on the Spanish coast, and the Transatlantic Company is hastening to put its vessels into positions of safety, even under the shadow of the British flag.

1923: Croat Charged

OPINION/LETTERS

With Starr on the Prowl, It's Spooky at the Top

By Richard Cohen

WASHINGTON — In the story, as Mike Deaver tells it, he found Ronald Reagan one day alone in the upstairs dining room of the White House, gazing out the window at the people on Pennsylvania Avenue. The president turned to his aide and remarked about how isolated he was in the White House. He missed being able to go to a store and just browse.

We are enjoined, solemnly and repeatedly, never to feel sorry for presidents. They make a nice living. They live in a swell house. They have the armed forces to play with, and they can get anyone they want for dinner and not have to worry about the dishes afterward. It is not a bad life.

But it is an isolating one, and now on account of Kenneth Starr it will be even more so. The independent counsel has called the chief of Bill Clinton's Secret Service detail, Larry Cockell, before a grand jury. What did he hear? What did he see? Mr. Cockell rides in the car with Mr. Clinton. He is always at his elbow. He and Mr. Clinton are not the same person, yet this is a sort of creepy self-incrimination.

Mr. Starr's office says it is not interested in what Mr. Cockell and the other agents might have heard Mr. Clinton discuss with his lawyers. But Mr. Starr is clearly interested in something Mr. Cockell saw or heard,



something that is not a crime but that might help prove the existence of one. For instance, had he ever seen the president and Monica Lewinsky alone after 6 P.M.?

Being alone with anyone is not a crime. But testifying one way under oath — Mr. Clinton had suggested to Paula Jones' lawyers that he had never been alone with Ms. Lewinsky in the evening — and having that statement contradicted by your bodyguard is another matter. When the Secret Service says none of its agents witnessed a crime, the response has to be, "How could they know?" In this case, the alleged crime is a cover-up of something that was not a crime.

So the prudent president would pull back. His Secret Service agent would supposedly take a bullet for him, but lying or contempt of court (refusing to testify) is another matter. The agent is a potential witness. In the future, presidents may try harder to put some distance between themselves and their bodyguards. They are even more likely to feel like a goldfish in a bowl — always under observation, even in their own home.

Nothing in the constitution or law provides a privilege for Secret Service agents. Mr. Starr is entitled to do what he did. The question here is not of law, it is of judgment and proportion. What, after all, is this case all about? It

seems to be about whether the president had a sexual relationship and perjured himself and/or obstructed justice as a consequence.

Of course, it is a serious matter if presidents commit perjury or obstruct justice. But to lie about an unconstitutional or illegal operation (a Watergate burglary, a funding of the Nicaraguan contras) is one thing; to lie about a sexual matter is something else entirely. Almost everyone recognizes this distinction. Everyone, it seems, but Mr. Starr.

All right, the man is only doing his job. But to pacify this particular village, he is about to obliterate it. He has hauled Ms. Lewinsky's mother before the

grand jury. He has subpoenaed bookstore records of Ms. Lewinsky's purchases. He tried to get the notes of the late Vince Foster's lawyer, arguing that the lawyer-client privilege ends with death. He has gone after the White House aide Sidney Blumenthal, for it seems, practicing politics with a stark. And now he has demolished the trust presidents had in their bodyguards.

If the matter at the heart of these activities was momentous, then Mr. Starr would be justified. As it is, though, we are talking about a mortification. The cover-up is not of a crime but of a blush. If the allegations — of an affair, of perjury, of obstruction of justice

— are true, then the president is hardly blameless. It is idiotic for a man in his position to have an extramarital sexual relationship, especially with a White House Mouseketeer. You could say, on that basis alone, that he and Mr. Starr deserve each other.

But presidents come and presidents go while the power of prosecutors remains. The bold initiatives of one prosecutor become the standard operating procedures of his successor. Unless Congress acts, the relationship of a president to the Secret Service

is not changed. It has always been lonely at the top. Now it is

spooky as well.

The Washington Post.

LETTERS TO THE EDITOR

A Meritless Ritual

Regarding "Ulster Shocked by Arson Killing of 3 Children" (July 13):

If walking away from the protest in Duncree meant that the Orangemen could "never wear their collars again," as an unnamed 41-year-old civil servant was quoted as saying, then so be it. The collars are now an emblem of shame, and the march is a meritless ritual.

Who is responsible for the deaths of the three Quinn children in their beds?

Besides the person who threw

the flaming gasoline bomb through the window of their home, hatred — bitter and brutal — is to blame.

SUNNY ROGERS, Paris

Exporting Capitalism

Regarding "In America, Radical Globalizers Talk Like Missionaries" by William Pfaff (Opinion, July 9):

Mr. Pfaff is right in denouncing the misconception that free trade will generate democracy. The reverse is true. It takes strong and long-established democratic tra-

ditions and institutions for a liberal economic system to operate efficiently and decently.

But can't one go a bit further? The present tragedy of globalization is that the United States is exporting its economic model without the built-in protections, regulations, counterpowers and checks and balances that evolved over several centuries of democratic advances.

In my own experience, U.S. democratic capitalism is far less unfettered than the brand touted worldwide by its missionaries.

M. MARCHEAU, Paris

The Names of a Sea

Regarding the map that accompanied "Seoul Searches for Frogmen as U.S. Vows Strong Support" (July 14):

The designation of the sea area east of the Korean Peninsula as the Sea of Japan may be right according to official U.S. guidelines for geographic names.

It is wrong, however, in that the guidelines represent a distortion of history.

The International Hydrographic Organization's decision of 1928 to recommend the name was flawed because Korea, then

under Japanese rule, was blocked from voicing its objection.

Historically, what is now frequently called the Sea of Japan — what is known in Korea as the East Sea — was named by cartographers the Sea of Korea, the Sea of Japan or the Oriental Sea.

It was only after Japan occupied Korea that "Sea of Japan" took hold.

CHUNG DAL-HO, Vienna

The writer is a counselor at the South Korean Embassy in Vienna.

BOOKS

THE DOOMSDAY REPORT

By Rock Brynnner. 271 pages. \$23. Morrow.

Reviewed by Louis Bayard

RUNNING low on millennial anxiety? Worried because the year 2000 problem doesn't have you quite worried enough? Rest easy, Rock Brynnner is here. The writer, lecturer and son of Yul has devised an eco-fantasy that brings the end of the world within tempting reach.

All we have to do, according to the characters in his new novel, "The Doomsday Report," is keep driving cars, having babies, cutting down trees — and presto! no more people.

The fictional mouthpiece for that argument is Roger Belacqua, a NASA scientist who claims to have definitive proof that the human race will go extinct in roughly 40 years. Global warming, he says, has sent the Earth into a tailspin from which it can never recover. First to go will be the carbon-saturated oceans. Insect life will quickly follow, and the devastation will spread up the

food chain until there's nothing left on the planet but a few cockroaches.

Too grim to resist, Belacqua's findings are rushed into print by the publisher Franco Sherman and his comely assistant, Terry Bancroft. The resulting book becomes an international best-seller and immediately transforms the tenor of public life, producing "a kind of dispassionate despair" that, Brynnner tells us, "reached all the way down to kindergarten." Faster than you can say "greenhouse gas," the world is gripped by a "discernible corrosion of traditional values ... coupled with the onset of ideological nihilism."

"The Doomsday Report" overflows with absurdities, but perhaps the most enduring nonsense is the notion that a book, in these post-literate days, could generate planet-wide dystopia. Brynnner has such a touchingly ingenuous faith in the power of the printed word that you wish he had printed words worth reading. The first half of the book expends several metric tons of carbon dioxide explaining the science of climate change. The last half becomes an increasingly risible portrait of

life post-Belacqua — apparently, a numbing succession of suicides, sadism and op-eds.

One needn't discount global warming to recognize that, as apocalyptic threats go, it ranks pretty low on the public's Fright Meter — somewhere below giant lizards and Bill Gates. Brynnner must recognize this, too, because he hedges his bets with additional cataclysms: earthquakes, terrorist assaults and a nuclear meltdown in Eastern Europe. For good measure, he throws in a murder mystery featuring a leggy bisexual blonde named Suki.

None of this is remotely plausible, but neither is it humorless. If anything, the author appears to be a compulsive goofball, sprinkling in jokes about O.J. Simpson and Vanna White (not especially fresh targets) and churning out mock-tough, wiseacre prose that might best be characterized as hard-boiled egghead: "He sat in a dark bar on a sunny afternoon and drank Laphroaig Scotch until he could no longer operate heavy equipment. Like his fingers."

It's a style that slides quite easily into self-parody. "Terry threw herself into the job like an impatient suicide off a low bridge. ... Franco arrived home that evening with the haunted stare of a destitute diabetic in a strange city at night." It also imparts a distinctly violet aura to the obligatory sex scenes: "She too succumbed to the rutting stamina unleashed by the notion that they were indifferent strangers chosen for selfish, carnal, anonymous pleasures."

There's a reason, then, that "The Doomsday Report" fails both as parable and as black comedy. It's conceived only as a slow, winding parade route for Brynnner's preening gray cells. Be sure to salute them as they pass.

Louis Bayard, a Washington writer and author of the forthcoming novel "All the Wrong Places," wrote this for The Washington Post.

BEST SELLERS

The New York Times
This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks on the list are not necessarily consecutive.

FICTION

Book	Author	Weeks	Weeks on List
1 <i>I KNOW THIS MUCH IS TRUE</i> , by Wally Lamb	2 3	2	3
2 <i>THE KLOANE AND I</i> , by Danielle Steel	1 3	3	3
3 <i>THE SISTERS</i> , by Judy Blume	3 7	7	7
4 <i>BRIDGET JONES'S DIARY</i> , by Helen Fielding	4 5	5	5
5 <i>UNSHAKABLE</i> , by Sam Biegel	5 11	11	11
6 <i>A WIDOW FOR ONE YEAR</i> , by John Irving	6 10	10	10
7 <i>LOW COUNTRY</i> , by Anne Rice	7 12	12	12
8 <i>MESSAGE IN A BOTTLE</i> , by Nicholas Sparks	10 13	13	13
9 <i>THE STREET LAWYER</i> , by Michael Connelly	7 22	22	22
10 <i>MEMORIES OF A GEISHA</i> , by Arthur Golden	13 34	34	34
11 <i>COLD MOUNTAIN</i> , by Charles Frazier	11 54	54	54
12 <i>THE LAST FULL MEASURE</i> , by Jeff Shaara	9 5	5	5
13 <i>THE ELEVENTH COMMANDMENT</i> , by Phyllis A. Whitney	8 3	3	3
14 <i>OUTA YEAR FOR PLUMS</i> , by Baily White	1 10	10	10
15 <i>YOU BELONG TO ME</i> , by Mary Higgins Clark	14 39	39	39
NONFICTION			
1 <i>A PIRATE LOOKS AT FIFTY</i> , by Jimmy Buffet	1 5	5	5
2 <i>TO KISS WITH MORRIES</i> , by Mitch Albom	2 39	39	39

3 *A MONK SWIMMING*, by Mark McGuire 3 5

4 *WALK IN THE WOODS*, by Bill Bryson 4 6

5 *ANGELA'S ASHES*, by Frank McCourt 7 96

6 *WE ARE OUR MOTHER'S DAUGHTERS*, by Cokie Roberts 6 11

7 *THE MILLIONAIRE NEXT DOOR*, by Thomas J. Stanley and William D. Danko 10 78

9 *THE GIFT OF THE TEACHER*, by Steven G. Johnson 9 14

10 *SHIP OF GOLD IN THE DEEP BLUE SEA*, by Gary Kinder 8 3

11 *THE MAN WHO LISTENED TO HORSES*, by Monty Roberts 11 48

12 *MIDNIGHT IN THE GARDEN OF GOOD AND EVIL*, by Christopher Hitchens 12 209

13 *PATRIOTES AT THE HEDGEROW*, by Steven G. Johnson 16 2

14 *CONVERSATIONS WITH GOD*, Book 1, by Neale Donald Walsch 13 83

15 *STILL ME*, by Christopher Reeve 14 10

ADVICE, HOW TO AND MISCELLANEOUS

1 *SUGAR BUSTERS*, by Leighton Stewart et al. 1 10

2 *THE 9 STEPS TO FINANCIAL FREEDOM*, by Sam Omaha 2 16

3 *MARILU HENNER'S TOTAL HEALTH MAKEOVER*, by Marilu Henner and Linda Margolin 3 3

4 *MARS AND VENUS STARTING OVER*, by John Gray 3 3

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INTERNATIONAL
THE WORLD'S DAILY NEWSPAPER

Journalists' New Focus?

Their Fascinating Navels

By Maureen Dowd

WASHINGTON — The summer of '98 will be remembered for several things. Demi and Bruce splitting. Tina and Harvey merging. Camilla and William colliding.

But most strikingly, this will be remembered as the summer the news media decided to forget about news and focus on them-

MEANWHILE

Itself. The guild is in the midst of a weird collective midlife.

Journalists have always been self-regarding. But now we are positively solipsistic, with no time or interest in covering anything outside our own travails.

Content 'R Us. We are obsessed with our mistakes. Our top editors' coming and goings. Our piques. Our fantasies. Our desires. Our disappointments. Our severances. Our successes. Our self-protective, once self-protective, once savagely self-protective. You could say, on that basis alone, that he and Mr. Starr deserve each other.

But presidents come and presidents go while the power of prosecutors remains. The bold initiatives of one prosecutor become the standard operating procedures of his successor. Unless Congress acts, the relationship of a president to the Secret Service

is not changed. It has always been lonely at the top. Now it is

spooky as well.

The Washington Post.

I had a narrow escape from finding myself working for a jerk," he wrote (something that is, of course, impossible at Microsoft).

Slate itself served as an echo chamber, with the married writers Timothy Noah and Marjorie Williams trading notes on the Newhouse-Kinsley imbroglio in online pillow talk, in a feature called "The Breakfast Table." Enhancing the hall of mirrors effect, Mr. Noah is a Falstaff acolyte who went through his own publisher-editor donnybrook at U.S. News & World Report. Ms. Williams works for Vanity Fair, another Condé Nast publication owned by Mr. Newhouse.

"Nothing Else Matters" Except The New Yorker," Mr. Noah titled one of his entries. Ms. Williams observed that the ascension of Mr. Remnick was even Topic A at her Washington mothers' group.

When journalists were not de-constructing Mr. Kinsley's e-mails they were e-mailing each other Nina Burleigh's e-mail. In a message to her former colleagues and in a piece in The New York Observer to be published Wednesday, Ms. Burleigh, the former Time magazine White House reporter who offered some erotic meanderings about President Bill Clinton in Mirabella magazine, defends herself zestfully.

In her Observer piece she recounts the moment when she gave Howard Kurtz of The Washington Post a provocative quote about how she would be willing to perform a certain kind of act on Mr. Clinton in gratitude for his defense of abortion rights.

"I recognized Howard's visceral response to my words by his sudden intake of breath and the spurt of pounding fingers on keyboard," she writes. "I'd never been on that side of a good quote before. It was better than sex."

INTERNATIONAL

Religious and Secular Rivals Struggle for the Soul of IsraelBy Serge Schmemann
New York Times Service

JERUSALEM — Receiving a lifetime-achievement award at the Jerusalem Film Festival this spring, an Israeli filmmaker, Assi Dayan, congratulated organizers for putting on so fine a festival "in this damned city."

Then, turning to Mayor Ehud Olmert, he loosed another curse: Please tell your friend, Prime Minister Benjamin Netanyahu, "that he should go to hell."

The incident was not big news. Mr. Dayan, son of the late Israeli military hero, General Moshe Dayan, is known for his sharp tongue and his harsh views about religious Jews and the rightist government.

But even more than that, such language has ceased to shock as the dispute between religious and secular Jews has steadily intensified in fury and emotion. It is common now to hear references to *Kulturmampf*, a culture war in which the

secular "Tel Aviv" and the religious "Jerusalem" are battling for the very soul of Israel. Hence Mr. Dayan's curse.

The passions seem hardly proportionate to the realities. The sides are vaguely defined — religious Jews in Israel range from the fundamentalist "haredim" to thoroughly liberal Orthodox, while "secular" Israelis run the political gamut from far-right to far-left.

Yet every skirmish rapidly turns into angry confrontation. The most celebrated in recent months was the decision of the renowned Bat Sheva Dance Company to withdraw from a gala in Jerusalem in April celebrating Israel's 50th anniversary after ultra-Orthodox politicians objected to a number in which scantily dressed dancers danced to a Hebrew prayer.

That incident unleashed a torrent of fury among secular Israelis. Several days later, at a packed outdoor

In a Kulturmampf, every skirmish rapidly turns into angry confrontation.

At a tempestuous Parliament hearing, the chairman of the Israeli Artists Union, Shaike Levy, declared: "There will be creative freedom. The more important question is whether there will be a country."

An enraged legislator, David Azulai, from the religious party Shas, retorted: "The country will continue to exist, with you or without you."

Other clashes have occurred on streets the haredim want closed on the Sabbath, or in towns where the religious have tried to establish a presence.

In Pardes Hanna, an old town in central Israel, arsonists set fire to a haredi trailer, and hundreds of secular Israelis have gathered for regular protests against what they see as religious encroachment.

A recent announcement that Jerusalem's boundaries would be expanded drew violent protests from affluent suburbs, many of whom had fled before the swelling

religious population of the city and saw the expansion as an attempt to tap their taxes to compensate for the large and poor haredi families.

Politicians have been quick to seize on the battle. Mayor Roni Milo of Tel Aviv recently declared himself a candidate for prime minister as champion of those opposed to "religious coercion."

"The war is not over the Bat Sheva

dancers' clothing," wrote the columnist Nahum Barnea in *Yediot Achronot*. "The war is about power, about territories of control. The haredim, a rising power in Israeli politics, are testing the boundaries."

Ehud Barak, chairman of the Labor Party, introduced a bill to draft haredi youths, seeking to cash in on what is probably the greatest source of resentment among secular Jews.

Most ultra-Orthodox Jews are exempted from mandatory military service on the premise that they study the Torah at their yeshivas.

What enrages other Israelis is not only that a rapidly swelling portion of the population does not take part in the defense of the Jewish state but that also that this group receives state subsidies as well.

About 200,000 yeshiva students receive a total of about \$275 million — and recently demanded a 33 percent raise.

These resentments have been fanned by the fact that the haredim, because of their huge families and relative poverty, pay few taxes.

And their unwillingness to take part in secular patriotic ceremonies like the annual minute of silence for those who fell in war, is seen as disrespectful to the nation.

From the haredi side, two rabbis, Yosef Shalom Elyashiv and Aharon Leib Shternman, published a declaration that the proposal to draft the ultra-Orthodox was a "plot to uproot Torah from Israel."

Mr. Barak's bill was defeated. But signs appeared on buses reading "One Nation, One Draft," and ultra-Orthodox leaders promptly threatened to boycott buses unless they were taken down.

The haredim have their own sources of resentment. One is the Israeli Supreme Court, which they see as a threat to religious law. Another is archaeology, which they perceive as a threat to the sanctity of the Jewish dead.

The haredim have systematically tried to block archaeological digs where there is any chance of coming on Jewish tombs — which most anywhere in Israel. In May, offices of the Antiquities Authority in Hahalal were set on fire, with the loss of extensive archaeological documentation; the police said they were searching for two haredi youths.

Yet when all such passions are pushed aside, it is difficult to see what the problem is. Although religious parties control the Culture Ministry, state subsidies remain intact even for art the religious would refuse to see. No program on television, stage or radio has been banned or withdrawn because of religious pressure. After months of fierce fighting along Bar-Ilan Street in Jerusalem, a quiet compromise was reached to close the street during prayer times on the Sabbath.

For all the demands to draft the haredim, army leaders admit this would create big problems because the ultra-Orthodox could not serve with women and would demand far stricter dietary controls. And the Supreme Court has usually managed to accommodate religious courts.

Finally, for all their threats, neither side has succeeded in passing a law the other opposes. The attempt by the religious parties to pass a bill institutionalizing their monopoly over religious conversions was blocked, as was Mr. Barak's attempt to draft haredim.

Besides, the sides are not as polarized as their language would suggest. Studies have shown that only about 14 percent of Jews in Israel define themselves as "strictly observant" and 20 percent as nonobservant. All the rest are somewhere in between. A survey by Tel Aviv University found that 80 percent of Israelis expect an outbreak of violence between the religious and the secular.

The real reason behind the anxiety is a sense that Israeli society is undergoing profound change in which every minor conflict is a battle over the future.

A journalist, Yossi Klein Halevi, wrote: "What we're seeing is really an apocalyptic debate, for the religious and secular are both convinced that if the other side wins, the country will be destroyed."

The secular scenario is simple: If the country becomes a theocracy, the secular middle class, which keeps Israel productive and gives it an edge in the Middle East, will leave, and this country

BRIEFLY
Menem Won't Run For a Third Term

Buenos Aires — President Carlos Menem announced on Tuesday that he would not seek a third term as Argentina's president next year.

The Peronist leader said only last week that he wished to be re-elected.

A special party congress voted Friday to attempt a referendum or any other legal means to overcome a constitutional amendment that bars Mr. Menem from another term. But the congress was boycotted by many Peronists who favor the governor of Buenos Aires Province, Eduardo Duhalde.

Mr. Menem was first elected in 1989. He was re-elected by a landslide in 1995, after getting the constitution amended to allow two consecutive terms. That amendment specifically ruled out a third consecutive term for him. (Reuters)

Iraq Is Adamant Against Sanctions

BAGHDAD — Iraq warned the United Nations Security Council on Tuesday that Baghdad could not accept "excuses or pretexts" for prolonging sanctions against the country.

"Iraq has issued today a strong warning that it cannot accept the continuation of the unfair embargo, which has lasted eight years," the state news agency said.

The warning did not say what steps Iraq would take if the sanctions were not lifted. Iraq has often given such warnings in the past.

On Friday, in a nationally broadcast speech, President Saddam Hussein promised his people that the sanctions would be "eroded" by the end of the year. (AP)

Priest in Guatemala Gravely Wounded

GUATEMALA CITY — Unidentified gunmen shot and seriously wounded an Italian-born army chaplain as he was leaving a church Monday, the army said.

The attack on the Reverend Sebastiano Crestani came as police continued to investigate the murder of Bishop Juan Jose Gerardi on April 26, two days after he presented a report on human rights abuses during the long civil war. (Reuters)

will become a real ghetto, and Israel, as a theocracy, will be destroyed.

"On the other side, which is not well understood because the religious don't make themselves understood in the media, there is the idea that we were in this land twice before, and both times we lost because we didn't follow God's law."

Though such debates have always existed in a people defined both by blood and religion, Israel was shaped and controlled in its formative years by secular, liberal Zionists who perceived the rigorously Orthodox as a vestige of Europe's ghettoes.

The assassination of Prime Minister Yitzhak Rabin in 1995 by a religious nationalist stunned the left by revealing the depth of radicalization in the religious right. Then the election of Mr. Netanyahu in 1996 revealed a convergence of interests among traditional ultra-Orthodox, religious Jews from Arab countries and religious nationalists, who together gained enough muscle to make or break the coalition.

"There was a debate, and suddenly the religious people brought in a gun," said a writer, David Grossman. "They showed that even though we had a state, they were more committed to God's laws. We're fighting now for our future."

"Why now? Because everything is sharper now, because we're facing the crucial point of deciding how to live the next 50 years. Will we have peace? Will we internalize the idea of concession to neighbors?"

Serbian Forces Said to Kill 34 Kosovo Rebels

Agence France-Presse

PRISTINA, Yugoslavia — Serbian forces killed at least 34 ethnic Albanians in the battle for control of Orahovac town in southwest Kosovo in recent days, the Kosovo Albanian Information Center said Tuesday.

The center said in a statement that it had "received two accounts today indicating that at least 34 Albanians have been killed in the last couple of days."

It said it could not give an exact toll as the area around Orahovac is still inaccessible.

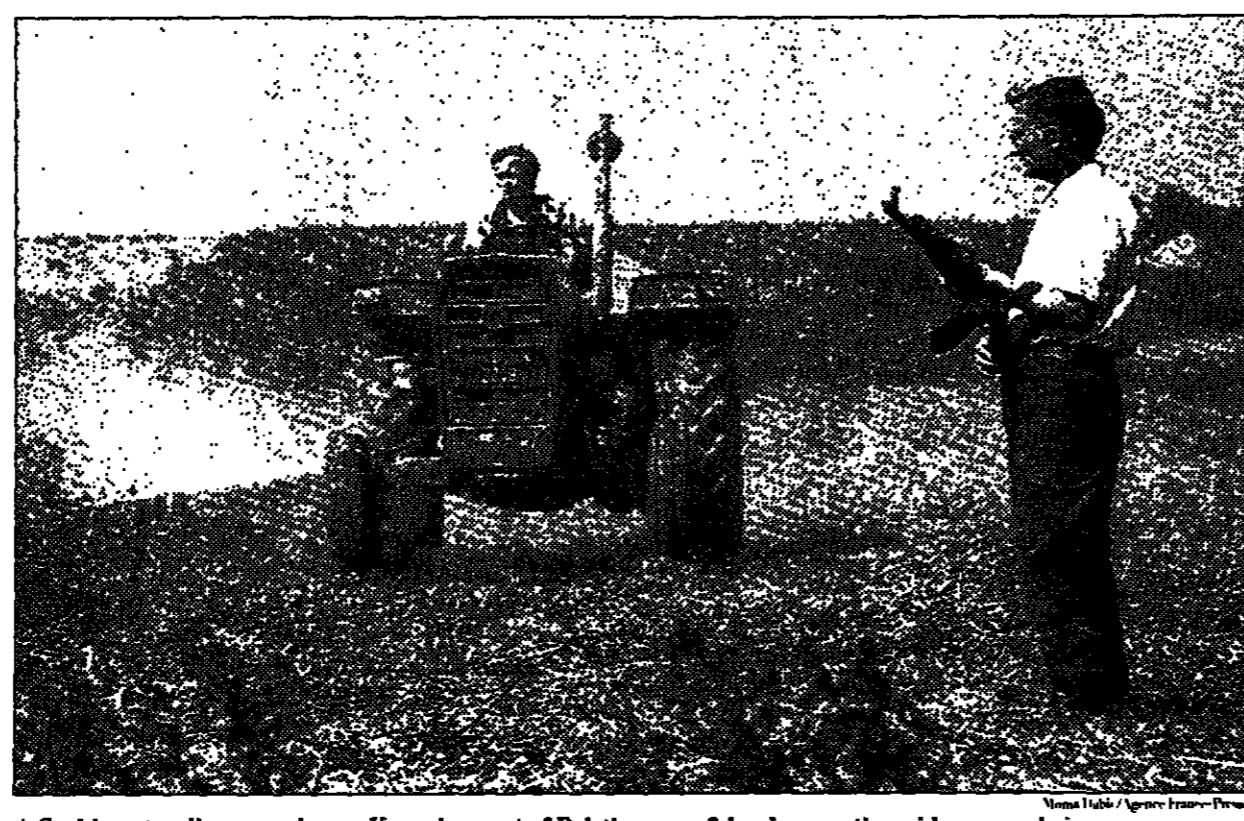
Ethnic Albanian separatists from the Kosovo Liberation Army have been battling Serbian troops for control of Orahovac, 60 kilometers (40 miles) southwest of Kosovo's capital city, Pristina.

The Serbian press reported Monday that government forces had recaptured the town from the guerrillas.

A reported 110 people died during clashes between Yugoslav Army troops and separatists in the Albanian-majority province over the weekend, the latest flare-up in four and a half months of conflict.

Serbian police reportedly had gained control over a Kosovo town that members of the separatist Kosovo Liberation army attempted to seize in an operation that began Friday.

In response to the weekend bloodshed, the European Union called for an immediate cease-fire, while Washington



A Serbian standing guard near Kuzmin, west of Pristina, as a friend mows the midsummer hay crop. (AP Photo/Agence France-Presse)

said it was working "intensively on some ideas" to solve the crisis.

The State Department spokesman, James Rubin, said Monday that the United States was looking at how it was possible for Kosovo to have an "enhanced" autonomy "without seeing this conflict spin out of control and spill over."

The fighting around Orahovac has cast doubt on the possibility of a negotiated settlement between Serbia, which dominates what remains of Yugoslavia, and the independence-minded Albanians who make up 90 percent of Kosovo's population.

House-to-house battles in Orahovac forced as many as 25,000 residents from the town and its surroundings to the guerrilla-controlled town of Malisevo, 16 kilometers to the north, according to local reports.

Serbian police say as many as 600 rebels tried to seize the town, capturing

and shutting down a power plant before moving on to the post office.

The police forced them to flee by car or by foot, leaving their weapons behind.

On Tuesday, three strong explosions — nearly simultaneous — shook the Macedonian capital, Skopje, and two locations near the Yugoslav border, causing damage but no injuries.

Serbian police say as many as 600 rebels tried to seize the town, capturing

TRIAL: Prosecution of Libyans in Pan Am 103 Bombing May Be Shifted to The Hague

Continued from Page 1

Scotland, where the plane came down in the village of Lockerbie, or in the United States, home of most of the 259 victims on the plane. Eleven other people died on the ground after the aircraft exploded in midair.

U.S. officials stressed that what they were discussing amounted to establishing a Scottish court in the Netherlands, an unprecedented undertaking. It would not involve the International Court of Justice in The Hague or use international law.

Even assuming such a court could be convened, it was far from clear whether Libya would accept the U.S. conditions, and many American and British officials remain skeptical that Colonel Moammar Gadhafi, the Libyan leader, would ever hand over the two men.

Libya has refused to extradite the two, Abdel Basset Ali Megrahi and Idris Khalifa Flimaiti, insisting that they could not receive a fair trial in either the United States or Scotland.

Stringent UN sanctions imposed on Libya in 1992 over its refusal to hand over the two suspects have begun to weaken in recent months, putting pressure on Washington and London to look seriously at other ideas, including

holding the trial in a third country. Several foreign leaders have recently flown to Libya despite the UN ban, and last month the Organization of African Unity announced that its member countries would defy the UN ban starting in September unless Britain and the United States accepted a trial in The Hague.

The State Department spokesman, James Rubin, said Monday that the United States was looking at how it was possible for Kosovo to have an "enhanced" autonomy "without seeing this conflict spin out of control and spill over."

But he added, "we're willing to explore any option that will bring justice to families of the Lockerbie victims."

Jim Swire, head of U.K. Families Flight 103, which represents the survivors of about 30 British victims of the bombing, welcomed the signs of a shift in policy. "If it is true," he said, "it's a major step toward truth and justice."

Mr. Swire, whose 23-year-old daughter Flora perished on Pan Am 103, visited Tripoli in April and said he was personally assured by Colonel Gadhafi

"It's a positive development," he said in a telephone interview.

Susan Cohen, who lost a daughter in the explosion, told Reuters she was "sickened" by the prospect of a trial in the Netherlands.

"This is going to be a phony trial or probably it will never take place," she said. "The sanctions will be lifted, Gadhafi will look like a negotiator. It will allow them to resume trade."

Several details remain to be resolved before any trial could take place. While the original suggestion from a Scottish

law professor, Robert Black, was to conduct a trial before a panel of international judges, Mrs. Albright and Mr. Berger told the families that Washington would only accept a trial in The Hague before three Scottish judges. Mr. Kreindler said.

He also said that Mrs. Albright and Mr. Berger maintained that Washington would insist that any appeal must be heard by the Scottish Appeals Court.

Officials said it was also unclear who would have custody over the suspects, what penalties might be imposed and where any prison time would be served.

The varied reactions on Tuesday reflected deep differences between families on both sides of the Atlantic.

Most American families have accepted the conclusions of U.S. and British investigators that the two Libyan men planted the bomb on Pan Am 103 in Frankfurt, before its continuation to London and New York. They believe only a U.S. or Scottish court will render justice.

The British survivors, who have

denied the possibility of a trial in The Hague for the last four years, have shown more skepticism about the investigators' conclusions.

Protest Over Nazi Past

In Belgium, World War II Vets Display Anger At Flemish Grants for Punished Collaborators

By Barry James
International Herald Tribune

BRUSSELS — Veterans of World War II marched past the royal family in Belgium's national day parade Tuesday with black ribbons attached to their standards to protest a recent decision by the Flemish Parliament to grant allowances to needy persons punished for collaboration with the Nazis.

Defense Minister Jean-Paul Poncellet said the decision was "unacceptable."

The Parliament agreed to make the payments to an estimated 200 people who had been rehabilitated after being convicted of collaborating with the Nazis during their occupation of Belgium.

Although the payments of up to 30,000 francs (\$550) are symbolic, the decision, which was supported by a majority in the Parliament, including the radical nationalist Vlaams Blok party, caused a political stir.

Many of the Dutch-speaking Flemish nationalists accepted the German occupiers as allies in their struggle against domination by French-speaking

Cancer Detected, King Hussein Says

Agence France-Presse

AMMAN, Jordan — Medical tests conducted on King Hussein at a hospital in the United States suggest that the 62-year-old monarch has cancer, the king told his brother Crown Prince Hassan ibn Talal in a letter made public Tuesday evening.

"All the indications lead one to believe that I have a lymphoma," the king wrote, adding that he would undergo chemotherapy Tuesday.

The king had said in a note to his brother made public earlier Tuesday that doctors at the Mayo Clinic in Rochester, Minnesota, expected to reach a precise diagnosis next week after obtaining the laboratory tests.

King Hussein, who is to celebrate his 46th anniversary on his reign August 11, went to the clinic July 14 after suffering

A New Lease on Life for Barcelona's Opera House

By Alan Riding
New York Times Service

BARCELONA — It was neither the oldest nor the most beautiful building in Barcelona, but when fire destroyed the Gran Teatre del Liceu on Jan. 31, 1994, its loss was mourned here like a death in the family. For close to 150 years, the legendary opera house had been at the heart of Barcelona's social life. On its stage, generations of Catalan singers had launched their careers, not least Victoria de los Angeles, Montserrat Caballe and Jose Carreras.

While smoke was still rising from the ruins, shocked politicians hurriedly gathered in a building on the tree-lined Paseo de las Ramblas opposite the entrance to the opera house and did what was expected of them: They announced that the Liceu would be rebuilt. It had happened before. Inaugurated in 1847 and destroyed by fire in 1861, the opera

house reopened just one year later. A third nearly identical Liceu would again prove that death could be reversed.

Now, almost three years after the first stone was laid, the new \$95 million Liceu is close to completion. Its horse-shoe-shaped auditorium is still filled with scaffolding, but the five balconies are in place and work on gilding the ceiling is advancing. Even metal frames to support rows of seats have been installed.

If all goes as planned, the Liceu will be reopened by King Juan Carlos at a gala next July. A full 1999-2000 opera season will start in October of next year with "Turandot," the Puccini opera that was next on the program when the fire broke out.

In preparation for the return to normality, Bertrand de Billy, a 33-year-old French conductor who has made his career in Germany and Austria, was named the Liceu's new music director in June.

"The theater will look the same, but

in truth we will have an opera house for the 21st century," said Josep Caminal i Badia, the Liceu's general director. "It will be able to handle all the new audiovisual challenges."

Yet if the renaissance of the Liceu has gone remarkably smoothly, that is itself noteworthy. In the tumultuous world of opera, where dramas onstage are often overshadowed off stage by power struggles, financial crises and grandstanding divas, the tradition is for problems to haunt the building, rebuilding and renovation of opera houses in Europe. No wonder so many European opera houses resist modernization.

In the 1980s, President Francois Mitterrand of France decided to construct a new opera house at the Place de la Bastille in Paris to complement the 19th-century opera house, known as the Palais Garnier. After it opened in 1989, the Opera Bastille was battered by political infighting, strikes and mediocre productions. Only now is it finally

winning over both the public and critics.

In Madrid, the city's 19th-century opera house, the Teatro Real, which was forced to close in 1925 because it was literally sinking, reopened for opera only last October after years of reconstruction accompanied by endless setbacks. Similarly, the Royal Opera House at Covent Garden in London is due to reopen in late 1999 after a \$367 million renovation and expansion, but its image has been badly bruised by charges of mismanagement, exorbitant ticket prices and elitism.

WITH the Liceu, disarray seems to have been averted by careful negotiations between all key parties before construction began.

When it was destroyed in 1994, the opera house was privately owned by about 400 shareholders. In 1981, the Catalan and Barcelona governments agreed to take over its management on

the ground that only through increased government subsidies could it remain one of Europe's top opera houses. But it remained private property.

After the fire, it became clear that building a new Liceu would require more than the \$14 million in insurance due to the owners. The authorities were unwilling to pay the \$80 million or so difference and leave the opera house in private hands. Finally, the owners ceded the property to the new foundation controlled by the central, regional and city governments and, in exchange, received priority to buy a fixed number of tickets for each show in perpetuity.

Further, big business in Barcelona was tapped for contributions, so that in the end the cost to Spanish taxpayers is not expected to exceed \$50 million.

As reconstruction went ahead, the theater's management was eager to show the people of Barcelona that although the building had been destroyed, the Liceu lived on. Using its permanent orchestra

and chorus, it organized a series of recitals, concerts, operas in concert and even full-scale opera productions in other Barcelona theaters.

If the Liceu is to reclaim its place among Europe's best opera houses, said Joan Matoboset, its artistic director, it must reach out, not only to 20th-century opera but also to avant-garde directors.

"We have to please all tastes because this is a city with just one opera house," he added, noting that he planned to spice the customary fare of Mozart, Verdi, Puccini, Bellini and Donizetti with Wagner, Janacek, Shostakovich and Britten. Caminal still has myriad details to worry about before the red velvet curtain goes up next year. "I'd like there to be little translation screens on the back of seats," he said, "so people can pick their language — Spanish, English, French, Italian or German." Could he have gotten Catalan? "Oh, that will be above the stage," he beamed, "in big letters."

A Vibrant Revival of 'Oklahoma!': O.K., but Not at the National

By Sheridan Morley
International Herald Tribune

LONDON — There's a bright golden haze on the meadow, the corn is as high as an elephant's eye, and the new National Theatre's "Oklahoma!" is the best we are likely to see in the rest of a lifetime. Trevor Nunn has wisely gone back to the original play, Lynn Riggs's "Green Grow the Lilacs," to find some much-needed plot, while the undoubted star of the evening, the Broadway choreographer Susan Stroman, has finally cut through all those tired reruns of Agnes de Mille impersonators and given us a brilliantly vibrant new staging.

True, Maureen Lipman is a little young for Aunt Eller, thereby suggest-

ing a whole new relationship with her future nephew Curly, but Hugh Jackman and Josefine Gabriele (a real dancer, so mercifully no more doubles for the ballet) are genuine finds for the leads, while Peter Polycarpou and Shuler Hensley are no less talented in the chief character roles.

So why couldn't I join the cheering that ran through the Olivier last week as loudly as I have ever heard it? Because I still believe that "Oklahoma!" has no place in the repertoire of a state-subsidized company (with, on this occasion, extra financial help from Sir Cameron Mackintosh.) What of the National's past musicals, then? "Lady in the Dark" and the Sondheims could never have been seen elsewhere in such expert or lavish stagings; "Guys and Dolls" had all but

disappeared locally, and "Carousel" was a redefinition of a hitherto hidden, dark heart at the center of the piece.

"Oklahoma!" is neither revelation nor rediscovery; it is just a very good, endlessly revived (by amateurs and professionals alike) landmark musical, given here an expert and expensive revival. But there is nothing really new to tell us about a show that would look just fine at Drury Lane, or indeed the Lyceum, which is where this revival will probably end up pre-Broadway. How long now before the National gets around to "Annie" or "A Chorus Line," both of which could well be defended on this precedent?

From a purely scenic point of view,

and it is dazzling, there has never been

in London theater a production as rich in special effects as "Doctor Dolittle" at the Apollo in Hammersmith. It could well take three years for the many producers to get their money back on a show that effectively stars the late Jim Henson, whose Muppet Workshop has now provided larger-than-life performing seals, hippos, pink sea snails that fly around the auditorium, and all manner of other eccentric beasts.

What's wrong with "Dolittle" is that Hugh Lofting's original short stories resolutely refuse to bind themselves into a coherent narrative, and Leslie Bricusse's score, though possibly his best, is so close to Lerner and Loewe that it often sounds like a parody of "My Fair Lady," with Dolittle and Emma Fairfax instead of Higgins and Doolittle.

But no stage musical, not even the

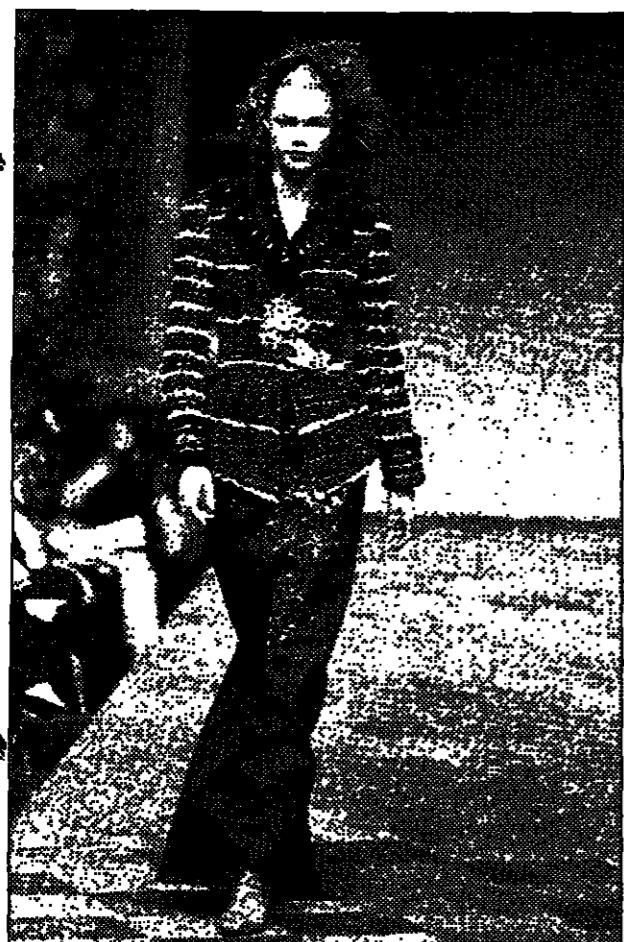
Disney "Lion King" or "Beauty and the Beast," can match the spectacle on offer here in some truly baroque and bizarre moments, not least the one where a sextet of lifesize seals tap-dance a tribute to "Hello Dolly." Aletta Collins's choreography elsewhere only verges on the adequate, but Steven Pimlott's production is agile, and Julie Andrews is back in fine voice as the parrot, while in the title role Phillip Schofield is aging into a better leading man than I would have forecast.

And lastly in a rich week, to the Barbican comes "The Man Who Came to Dinner." I feared we might never get to see it again because 10 or so years ago, on this same Barbican stage, the RSC miscast John Wood so appallingly and came up with such a terrible production that I thought they had killed it forever. One of the most distinguished of American regional theaters, Chicago's Steppenwolf,

usually associated with the darker work of David Mamet and others, has happily decided to cast John Mahoney, the British-born star of "Frasier," at the head of a memorably joky company in an utterly magical, manic revival, though you have only until the end of this week to catch a far too limited season.

Sure, the play creaks a bit now and then, but Steppenwolf's immensely agile director, James Burrows, has realized that this is still a farce worthy of all the Marx Brothers and then some. At its center, Mahoney gives us not the traditional monster, Sheridan Whiteside, but instead a lovable curmudgeon who just happens to slip on some ice and wreak total havoc with the Christmas of an unsuspecting family of Iowans on whom he then billets himself, several penguins and a mummy case for the duration. The best laughs in London are, briefly, to be heard at the Barbican.

PARIS FASHION



Lacroix's fur-collared, braided jacket and wrap skirt, and Chanel's liquid-satin dress with jodhpur-cut hip line.

Chanel's Vision: Now and Zen

By Suzy Menkes
International Herald Tribune

PARIS — In a courageous and perfectly judged collection Tuesday, Karl Lagerfeld gave Chanel couture a chiseled serenity for the modern world.

Now and Zen was the message of the fall show, with its deceptively simple long dresses and light pleated skirts falling to gilded feet in flat sandals.

"The elegance of silence," said Lagerfeld, and from the decor alone, where rice paper with gilded brush strokes screened Coco's traditional salon, you could sense a change that has been brewing since monastic minimalism replaced gilded buttons and formal suits.

Here, finally, was a pure, modern collection of simply beautiful clothes, in which the couture workmanship was so whisper-quiet that draped dresses seemed like water finding its own level.

The naturalness was emphasized by the free-flowing pieces — low-slung skirts, camisole tops, loose jackets — coming together only like clouds passing.

At the heart of the show was the exploration of weight and volume in fabrics that were so light, so opulent or so superbly worked that the loose clothes still related to the body. Even long skirts, antipathetic to many modern women, made sense as faux pleats, low-slung skirts stitched in panels making leather seem like paper. A jodhpur effect, giving volume at the thighs, was done gracefully in liquid silk on dresses and skirts.

Those Chanel buttons? Replaced by hinged gold-plated clips, sometimes threaded as chain belts. And the signature quilting was modernized as "awn-soft padded cape."

Many of Lagerfeld's new looks, like inventively cut dresses and tailcoat jackets, originated in the Japanese designer experiments of the early 1980s — ironically, in revolt against the brash

and flash of Chanel's gilded-button era. But with the application of Lagerfeld's intelligence and the couture studio, what might have seemed like noble experiments mostly came off.

That applied also to the intriguing fabrics, with their mat and silvery surfaces or occasional abstract-art embroideries. These seemed like the futuristic ideas that the designer used to have for his own Karl Lagerfeld label, but elevated to couture level.

With this collection, Chanel has become the first of the established couture houses to look like it is striding on its sanded feet into the new millennium.

Perched on her vertiginous scarlet satin high-heeled shoes as she walked the hand-painted runway, Christian Lacroix's woman was in another world. But, as always, in his playful way, the artistic designer had also produced a new serenity, with a close-to-the-body silhouette and a palette dominated by black.

Black, from Lacroix? Thinking back to the exuberant explosions of color of his early collections, it is hard to imagine that 23 outfits were by before a "typical" Lacroix piece: a mix of sultry yellow, green and purple for a chenille cardigan jacket and painted skirt.

But an artist can use black like a color, so that a tulle dress had smoky painting and crushed silk was given an iridescent and oxidized surface.

There is always deep research into fabrics. Lacroix said before a show where even an apparently discreet coat dress was in artisanal tweed.

The slender cocktail suits, nesting jewels and worn with feathered hats or flat tiaras on the forehead, seemed a bit safe — as though Lacroix were responding to his clients. But a slim black crepe blouse dress with a flash of orange ribbon at the hips ushered in more splashy color: a cyclamen satin dress or violet sheath worn with a scarlet stole.

Lacroix's fanciful gowns destined for

weddings (the house has done nine grand marriages this season) were unrestrained works of art.

Art couture is a subplot of this season with new-generation designers showing experimental, one-of-a-kind pieces.

Showing in a bare day-lighted room (think downtown art gallery), Josephine Thimister presented his works-in-progress against a white satin backdrop: clothes tailored out of couture toiles; tulle dresses pumped up with foam padding; outfit knitted and plaited to make long, slim gowns; hand-painted effects on canvas.

It sounds arty-crafty, but the Dutch-born Thimister, who at one stage designed for Balenciaga, is a fashion sculptor more than a decorator. His molded satin jacket or crisp poplin shirt with sealskin skirt, shown with flat black boots, were modern takes on luxury.

THEY come from the modernist fashion school pioneered by the Japanese and by Martin Margiela. But Thimister has a way of giving grandeur and ampleur to current and relevant clothes.

It made a swell party when the Dutch duo Viktor and Rolf sent out clothes with inflated balloons in the upper chest, clown hats and everything from party favors to Christmas tinsel sewn inside.

But there was more to this show than its quirky, colorful, clownish exterior. The vintage fabrics had previously been used by couture designers from Chanel through Pucci and Courreges.

The party theme brought harlequin pantsuits and a leather coat with mink polka dots. But the clothes were artfully cut — and to prove it, for the show's finale, the balloon paddings were punctured. The same tuxedos, coats and skirts came out gracefully draped.

Once again, artist-designers were exploring space and volume in fashion's voyage round the body.

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fit neatly into the new tango. "One difference between the two forms," Burton said, "is that when you look at jazz and ask who made it happen, you come up with all sorts of names — Louis, Duke, Miles, Trane. . . . When you look at the tango and ask the same question, it's only this one guy who singlehandedly invented the genre of modern tango. There's no parallel to that."

Burton, one of the greats on the instrument, was the first vibraphonist to be fluent with four mallets. He discovered he could improvise when the lights went out during a rehearsal and he was the only one to continue playing without written music.

Having performed with his family band — "a sort of vaudeville act" — from Florida to Chicago, he has been on the road at least 100 nights a year since 1988. He first heard the music of Piazzolla in 1963 in Buenos Aires — he was only 20, already working with Stan Getz. Burton and Piazzolla began recording and performing together 30 years later. At the beginning, fans did not approve of a jazzman playing the tango.

Piazzolla, who died in 1992 and was called "the Argentine Villa-Lobos," began his "revolution" in the late 1940s. "You could change anything in Argentina," Piazzolla said: "Religion, the law, the political system, 20,000 presidents. Just don't change the tango. It was like a religious sect



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Brian Williamson returns to Liffe.

Liffe Recalls Ex-Chief to Battle Rivals In Europe

Copied by Our Staff From Dispatches

LONDON — The London International Financial Futures and Options Exchange said Tuesday it was bringing back a former chairman, Brian Williamson, to overhaul its strategy after two years of losing business to European rivals.

The exchange, known as Liffe, also said that Daniel Hodson, its chief executive for the past five years, would resign and be replaced in the next several weeks.

Mr. Williamson, 53, who was Liffe chairman from 1985 to 1988 and is current chairman of the British financial services company Gerard Group PLC, replaces Jack Wigglesworth, whose term ended in June. He will be the first full-time chairman for the exchange in its 16-year history.

The changes also come as Liffe fights to maintain its position as Europe's largest derivatives market in the face of competition from quicker and cheaper electronic trading systems and a changing landscape of alliances between European bourses.

Two weeks ago, the London Stock Exchange said it would work with Liffe's German archrival, the Deutsche Boerse AG, to build a single market for Europe's largest stocks.

"Liffe has lost out, and it's having to fight back," said John Hailey, head of research at M&G Investment Ltd. "This change of management represents an effort to win business back."

The appointment of Mr. Williamson and Mr. Hodson's resignation came as a surprise. Liffe said it had been looking for an outsider to be its new chairman. Mr. Williamson, though he has not been with Liffe for 10 years, was one of its original founders and helped build it in the 1980s into Europe's first main competitor against futures exchanges in Chicago and New York.

Mr. Hodson presided over the exchange during a period of huge growth and a coming technological revolution.

The last year of Mr. Hodson's tenure has seen Liffe's fortunes take a roller-coaster ride from plans for a huge new building to a frantic search for ways to compete with an upstart rival.

Mr. Hodson said no pressure had been put on him to go and he had felt that his five years in the job were enough. "It needs new eyes, new ears, a new approach," he said.

Mr. Williamson returns to Liffe from Gerard, a financial services company that controls the broken King & Shaxson Holdings and the fund manager Greig Middleton. He took a position with the company a year after leaving the Liffe chairmanship.

He has also been a director of the Bank of Ireland and of the Electra Investment Trust.

"He is immensely well respected in the city and understands it well," said Michael Stoddart, chairman of Electra. "He gets to the point very quickly and sees exactly what he wants."

Mr. Williamson will give up directorships except for Electra to take on the job, which pays £20,000 (\$327,300) a year. (Bloomberg, Reuters)

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Australia	2.017	1.271	1.272	0.9205	11.047	—	1.0465	1.234	1.4015	1.235	1.235	—	1.235
Brussels	—	—	—	—	—	—	—	—	—	—	—	—	—
Frankfurt	1.205	2.965	—	0.980	0.916	0.807	0.807	1.024	1.274	1.027	1.1782	—	1.1782
London (1)	1.407	2.943	—	0.980	0.916	0.807	0.807	1.024	1.274	1.027	1.1782	—	1.1782
Madrid	1.6213	249.59	0.874	25.716	20.65	20.65	20.65	24.72	24.72	24.72	24.72	—	24.72
Milan	1.6213	249.59	0.874	25.716	20.65	20.65	20.65	24.72	24.72	24.72	24.72	—	24.72
New York (D)	1.205	2.965	—	0.980	0.916	0.807	0.807	1.024	1.274	1.027	1.1782	—	1.1782
Tokyo	1.528	0.925	3.326	—	0.937	0.974	0.974	1.024	1.274	1.027	1.1782	—	1.1782
Toronto	1.316	22.88	77.84	21.22	1.076	0.904	0.904	1.024	1.274	1.027	1.1782	—	1.1782
Toronto	1.417	2.612	—	0.923	0.907	0.805	0.805	1.024	1.274	1.027	1.1782	—	1.1782
Zurich	1.595	1.625	—	0.923	0.907	0.805	0.805	1.024	1.274	1.027	1.1782	—	1.1782
1 SDR	1.205	0.925	3.326	—	0.937	0.974	0.974	1.024	1.274	1.027	1.1782	—	1.1782
Changes in Amsterdam, London, Milan, Paris and Zurich, findings in other centers New York or of P.M. and Toronto rates of 3 P.M.	To buy one pound: £1 To buy one dollar: \$1 Units of 100 N.G.O. not quoted N.G.O. not available												

It has not. Math has made a few multimillionaires, including Mr. Shaw. But the quants business has become a highly specialized and professional one —

Mongolia Gets Its Own Media Mogul

By Thomas Crampton
International Herald Tribune

TERELJ, Mongolia — Since the time a spelling mistake almost landed him in prison, Ts. Baldorj's career as a newspaper journalist has improved considerably.

Within the last two years, Mr. Baldorj has borrowed enough money to build the country's largest media empire, encompassing five publications, including Onoodor, the first privately owned daily newspaper in Mongolia, as well as a radio and television station.

"He is our Mongolian Rupert Murdoch and could become prime minister if he really wanted, but I think he prefers to stay in the background, pulling strings," said D. Arimbald, editor in chief of the Mongol Messenger, the state-owned rival of an English-language newspaper owned by Mr. Baldorj, The UB Post.

Despite keen capitalist instincts, the soft-spoken and bohemian-looking Mr. Baldorj — who, like other Mongolians, goes by his first name and the initials of his father's name because family names were banned by the Communists who formerly ruled the country — puts his moral and financial support behind the descendants of the Communists.

"The Mongolian People's Revolutionary Party has more experience in governing and they are much more qualified than the current government," Mr. Baldorj said through an interpreter.

"The party has changed; this name is just a hangover from the old days."

Mr. Baldorj, 45, is in some ways himself a hangover from the old regime, and critics say his party connections have been crucial for the fast growth of his business. It was under the Soviet-backed Communist government that Mr. Baldorj reached the top ranks of the state propaganda machine, becoming editor of the official daily newspaper, Ardyn Erkh.

But this job almost ended with his imprisonment. While working at the newspaper under tight deadline one evening Mr. Baldorj switched one letter in Mongolian, transforming "the



Ts. Baldorj with some of the publications from his media empire.

Thomas Crampton/International Herald Tribune

Soviet premier" into "the Soviet com-

plainer." Reading his mistake the next morning, he feared the worst.

At the time, the atmosphere of distrust was so strong that members of the state censorship committee censored

MEDIA MARKETS

one another and reporters were exiled to the Gobi Desert for minor infractions.

"I was very worried, but finally I did not go to prison for the spelling mistake," Mr. Baldorj said. "They just cut my salary by 25 percent for three months." The incident passed, but his career at the newspaper ended in 1996 after the defeat of the Communists in

Mongolia's second free elections.

Asserting a new editorial independence and the right of the state-run newspaper to criticize the newly formed coalition government, Mr. Baldorj sparked an acrimonious national debate that ended with Parliament's voting to fire him. Half of the staff of the newspaper resigned in sympathy, joining Mr. Baldorj to start a new publication.

Few fault the editorial quality and independence of his publications, but Mr. Baldorj's critics say that only through his Communist connections could he have moved so quickly from editor to media baron.

See MONGOLIA, Page 15

Japan Sounds Alarm On Economy's Future

Central Bank Chief Becomes More Pessimistic

Compiled by Our Staff From Dispatches

TOKYO — Masaru Hayami, the Bank of Japan governor, said Tuesday that the state of the economy was deteriorating and suggested that recent monthly economic reports from the central bank may have been too optimistic.

"Our nation's economy has worsened. Capital investment and employment have declined, especially at mid-sized companies," Mr. Hayami said. "The Bank of Japan's judgment may have been too loose" since the economy took a downward turn in November.

Mr. Hayami made the comments after the central bank lowered its assessment of the economy in its monthly report for July. The bank said demand remained weak, businesses were more pessimistic about the future and prices would continue to be "weak for some time."

The central bank warned that a 1.66 trillion yen (\$19.6 billion) stimulus package announced in April, with huge spending on public works and temporary tax cuts, might not bring the long-term recovery.

"The positive influence of the package on private demand will likely be limited and the economy's immediate transition to a self-sustained recovery is hardly expected," it said.

Stagnant private consumption, which is showing little sign of recovery, is causing inventories to remain high and declines in industrial production to accelerate, the central bank said. Housing investment is still weak and fixed business investment "has decreased significantly," it warned.

The auto industry has also been hit hard. The five major Japanese automakers on Tuesday reported declines in domestic sales and production for the six months through June.

But the five — Toyota Motor Corp., Nissan Motor Co., Honda Motor Co., Mitsubishi Motors Corp. and Mazda Motor Corp. — managed to post gains in exports thanks to a weak yen.

Toyota and Nissan, the two biggest, said they had incurred double-digit declines in output and sales in the first half because of sluggish domestic sales.

"The current slump is one of the worst ones the Japanese auto industry experienced so far," said Masato Ogasawara, an analyst at Daiwa Research Institute. "In addition, there is no guarantee that increased money supply will spur lending and stimulate corporate activity," Mr. Ogasawara said. Japanese banks are cutting lending because of concern that loans will turn sour amid the prolonged recession, he said. (Bloomberg, AFP)

Mr. Hayami said the central bank had little room to lower interest rates to stimulate a recovery. He said policymakers had discussed a reduction of the target for the overnight interbank rate at their latest meeting on July 16, though the bank kept its policy unchanged at the meeting.

The bank cut its discount rate, the rate it charges banks for overnight loans, to a record-low 0.5 percent in September 1995. The bank has held its target for overnight interbank loans just below the discount rate since then.

Central bank policymakers agreed at a meeting on May 19 that an interest rate cut should be a last resort in the event of an economic emergency, according to minutes of the meeting. The bank will release minutes of the most recent meeting next month.

Mr. Hayami said he opposed increasing money supply to create growth.

Takafusa Shioya, deputy chief of the Economic Planning Agency, said this month the central bank should consider increasing funds in the system to artificially spur inflation despite weak demand and to avert a risk of deflation.

The comments, echoed by Taku Yamasaki, policy chief of the governing Liberal Democratic Party, have fueled speculation that the central bank may increase purchases of government bonds from financial institutions.

But the plan would have adverse effects on the economy, one economist said. "The inflation rate is just like body heat, and an attempt to intentionally raise it would cause a variety of distortions," said Susumu Takahashi, chief economist at the Japan Research Institute.

An increase in the money supply would push down market interest rates and further weaken the yen against major currencies by reducing returns on yen-denominated assets, Mr. Takahashi said.

A weaker yen puts pressure on countries such as China, South Korea, Malaysia and Indonesia to allow their currencies to fall to maintain export competitiveness.

In addition, there is no guarantee that increased money supply will spur lending and stimulate corporate activity, Mr. Takahashi said. Japanese banks are cutting lending because of concern that loans will turn sour amid the prolonged recession, he said. (Bloomberg, AFP)



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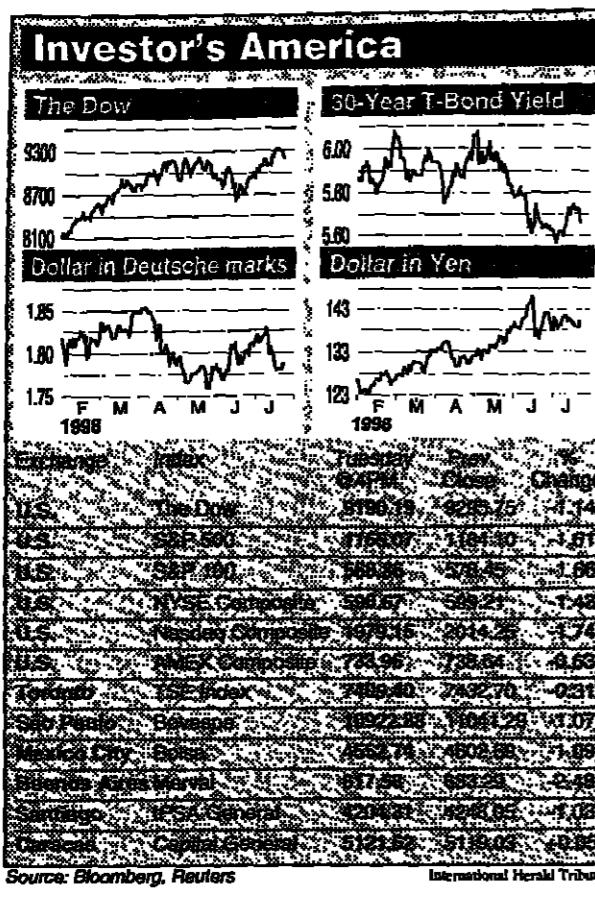
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World Headquarters of Republic National Bank of New York in New York.

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THE AMERICAS



Source: Bloomberg, Reuters

Very briefly:

- **Nova Corp.**, a Canadian chemicals maker, agreed to buy most of Huntsman Corp.'s European and North American styrene businesses for \$920 million in cash and stock.
- **Mobil Corp.** and Royal Dutch/Shell Group have re-entered negotiations with Peru over a disputed \$3 billion liquefied-petroleum venture after saying last week they were quitting the project, a Mobil official said.
- **Exxon Corp.**'s profit declined nearly 18 percent in the second quarter to \$1.62 billion, reflecting weaker crude oil prices. Revenue fell 13 percent to \$29.6 billion.
- **Philip Morris Cos.**'s earnings fell 2 percent in the second quarter to \$1.80 billion as revenue rose 3.1 percent to \$19 billion. The latest results reflected pretax charges of \$214 million for the costs of an early retirement program.
- **Sprint Corp.**'s second-quarter profit dropped 16 percent, to \$213.5 million, as investments in telecommunications ventures offset increased sales of long-distance telephone service.
- **Tenneco Inc.**, in a bid to increase its value, said it was assessing a range of strategic options, including separating its automotive and packaging businesses into stand-alone companies.

Bloomberg, Reuters, AP

Vanguard Admits Index Funds Move Markets

By Edward Wyatt
New York Times Service

NEW YORK — The Vanguard Group moves markets. Just look at its recent introduction of two index funds that specialize in small-cap stocks.

On May 21, when Vanguard began funneling \$137 million into the stocks that make up the Standard & Poor's Small Cap 600 index, the index surged higher, even as every other major stock index declined.

"When we began investing that money, we were trading all day," said George Sauter, a Vanguard managing director who oversees the company's \$1.15 billion of stock index funds. "I think we had a bit of an impact on small-cap stocks that day."

That is a startling admission from a company that has long denied that its popular index funds affect the market benchmarks that they track.

One reason that Vanguard could push prices higher is that small-cap stocks tend to be less liquid than larger stocks — that is, they have fewer owners and their shares trade less frequently, making their prices more volatile.

Whether Vanguard moves big-stock indexes, like the Standard & Poor's 500, when it places big buy or sell orders, remains a subject of debate. Mr. Sauter adheres to the longtime Vanguard stance and says no. Among large-cap stocks, he said in a recent interview, "our effect on the market is more one of noise."

But other market analysts say Vanguard definitely pushes around the S&P 500 and other large-cap indexes. "You see it very often near the end of the day when they come in and buy 400 to 500 stocks in one fell swoop," said Laszlo Birinyi, president of Birinyi Associates, a Connecticut market analysis company.

The debate is important because indexing has become the primary growth vehicle of the mutual-fund industry, helping to fuel the rise in big stocks. A reversal of that trend would presumably contribute to the market's decline as well.

Over the last five years, barely one in 10 mutual funds that invest in a broad array of U.S. stocks has been able to keep pace with the S&P 500 index. Not surprisingly, ever greater numbers of Americans are choosing to buy funds that mimic the index, rather than try to beat it.

In the first five months of this year, 18 percent of the \$107 billion of net cash flows into equity mutual funds went to index funds, according to Strategic Insight, a New York mutual-fund research and consulting company. That is up from 14 percent early last year and 11 percent in the comparable period in 1996.

No one is bigger in the index-fund business than Vanguard, whose S&P 500 fund is nearly five times the size of its nearest competitor. Mr. Sauter's admission that Vanguard affected small-cap stock prices is borne out by the performance of the indexes in the days before and after May 21.

On 10 of the 13 days before May 21, and on each of the three following days, the S&P Small Cap index moved in the same direction as the other major small- and large-cap stock indexes — the Russell 2000 index, the Nasdaq composite, the S&P 500 and the Dow Jones industrial average.

But only on Thursday, May 21, did the S&P Small Cap index zig while the others zagged. That day, the small-cap average rose about 0.2 percent, while each of the other four indexes fell by one-quarter to 0.6 percent.

Dollar Rises On Warning About Prices

Bridge News

NEW YORK — The dollar rebounded against the Deutsche mark and the yen Tuesday after warnings from the Federal Reserve Board chairman, Alan Greenspan, that there is a significant risk of higher inflation in the United States.

"The fact that he was a little more hawkish than many thought he would be and that he pointed out

FOREIGN EXCHANGE

many of the ills in Japan had people more inclined to buy dollars again," said Eric Nickerson, currency strategist at Bank of America.

Mr. Greenspan's warning about the prospect of inflationary pressures bubbling up in the future got the most attention in the currency market, as it raised the possibility of higher interest rates.

The dollar was quoted at 4 P.M. at 140.350 yen, up from 138.825 yen.

Mr. Greenspan, who was giving his semiannual report to Congress on the U.S. economy, also reiterated his call for Japan to enact "more stimulative fiscal policies" and said it needed to address the bad-loan problems in its banking system in "dramatic ways."

The dollar gained ground against the mark on Mr. Greenspan's remarks and the International Monetary Fund's decision late Monday to release less in immediate emergency aid to Russia than the market was expecting. Germany and Russia are major trading partners.

The dollar was at 1.7875 DM, up from 1.7816 DM.

The dollar also rose to 1.5100 Swiss francs from 1.5060 francs and to 5.9920 French francs from 5.9750 francs. The pound fell to \$1.6440 from \$1.6478.

Executive Shift For Microsoft

Copied by Our Staff From Dispatches

REEDMONT, Washington — Steve Ballmer, a Microsoft Corp. vice president, was named president of the giant software company Tuesday.

The appointment gives Mr. Ballmer, who had headed Microsoft's sales and marketing, the responsibility for day-to-day management of the company, freeing the chairman, Bill Gates, to focus on strategy.

Separately, Seagate Technology Inc. fired its chairman and chief executive, Alan Shugart, a colorful figure who was a co-founder of the struggling disk-drive company. The company named its president, Stephen Luczo, 41, to replace the 67-year-old Mr. Shugart.

(AP, Bloomberg)

GREENSPAN: A Pledge to Resist Inflationary Pressures

Continued from Page 1

which so far has had salutary effects on the United States.

In response to a question from Senator Paul Sarbanes, Democrat of Maryland, about why U.S. stock and bond prices were rising in the face of the problems in Asia, Mr. Greenspan said that the effects so far have been "positive" for the American economy, keeping inflation low and encouraging economic growth.

He added that he did not think the crisis was likely to spill over to the American economy, but there was a small chance that it might. If it did, "The impact would be of such a nature that we should not be taking the risk even with the relatively small probability of an adverse event."

Mr. Greenspan later said that he supported providing new money for the International Monetary Fund to resolve the Asia crisis. After the problems are resolved, he added, it might make sense to re-evaluate the IMF's functions in light of changes that have occurred in world financial markets.

Closer to home, Mr. Greenspan warned that stock prices may be too high because analysts have overestimated corporate profit growth. "Their current level projects a very marked rise in profit margins and the share of profits in the national income," Bloomberg News quoted him as saying in response to a question from Senator John Kerry, Democrat of Massachusetts.

Such "projections are unrealistic," he added.

In a written version of his testimony, parts of which he did not read to the senators, Mr. Greenspan said that the speed with which Japan deals with its economic problems "will be a key factor in shaping U.S. economic and financial trends."

Later, in response to a question, he advised Japan to emulate the American approach in dealing with its banking crisis a decade ago, echoing previous calls by the U.S. administration. Because there is little trading in Japanese real estate at this time, he said, banks do not know the value of the collateral pledged to property loans they have made.

He said the country should "do what we did" with the Resolution Trust Corp., "that is, to revalue the real estate market so you get real prices, you can get real markets, you can make far better judgments about the underlying collateral of loans, which is a necessary condition to

making a judgment of how bad they are."

"Allowing the problem to fester as long as it has been allowed to fester has been a major mistake," he said.

The Nasdaq composite index, which had been higher for most of the day, was down 35.11 points, at 1,979.14. The Standard & Poor's 500-stock index closed 19.03 points lower at 1,165.07.

Bond prices dropped as the text of the speech was circulated, probably because it contained several references to the possibility of inflation and the implication that the Fed would raise short-term interest rates to counteract pricing pressures.

But as the market considered the remarks and the subsequent question-and-answer session with the senators, bond prices recovered and the yield on the 30-year Treasury bond fell to 5.66 percent from 5.72 percent on Monday.

Texas Instruments' Profit Drops 83% as Chips Get Cheaper

By Associated Press

Dallas — Texas Instruments Inc. said Tuesday that its second-quarter profit dropped 83 percent because of falling prices for semiconductor chips and a one-time charge to pare down the company.

The chip company said it earned \$43 million in the quarter ended June 30. In the like profit a year earlier, it earned \$249 million.

Revenue fell to \$2.2 billion from \$2.6 billion, hurt by lower prices for

memory chips and general weakness in the semiconductor market.

The company said it expected pressure on chip sales and profit margins to continue in the third quarter. As a result, the company said it was "stepping up efforts" to further cut discretionary spending.

TI set aside \$233 million before taxes in the quarter to pay for a restructuring that included the sale of its memory chip business to Micron Technology Inc. and the elimi-

nation of 3,500 employees through layoffs and attrition.

On the positive side, Texas Instruments said chips used as the brains in mobile phones met strong demand.

The company's share rose \$2 to \$60.9375.

Price wars in computer chips also led International Business Machines Corp. to report a flat second-quarter profit, although the result beat Wall Street forecasts and the share price

surged \$6 to \$128.

IBM said late Monday that it earned \$1.45 billion in the quarter, roughly even with the like quarter a year earlier.

Revenue slipped slightly, to \$18.82 billion from \$18.87 billion, dragged down by a 12.7 percent drop in overall hardware sales.

The company also cited slow sales of personal computers and reduced consumer demand because of the Asian economic slump.

INTERNATIONAL FUTURES

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(AP, Bloomberg)

The International Herald Tribune World Stock Index tracks the U.S. dollar value of 280 Internationally investable stocks from 25 countries.

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Pernod Cuts Ties To Diageo

Capital News Staff From Paris

PARIS — Pernod Ricard SA, a French liquor company, said Tuesday it was severing distribution ties with Diageo PLC, prompting concern other companies might drop alliances with the world's largest spirits group.

Pernod Ricard said it would not renew pacts for the distribution of its Wild Turkey bourbon in Japan and the United States, the biggest market for that product.

"We think that both in the U.S. and Japan we can do better commercially," said a spokesman for Pernod.

The French company originally signed the distribution pact with Grand Metropolitan PLC, but then found itself competing with rival Bourbons when GrandMet merged with Guinness PLC last year to create Diageo.

The creation of the beverage giant "has led a lot of companies linked to Diageo to reconsider their alliances," said Thierry Jacquillat, Pernod's chief operating officer.

Pernod predicted that sales of Wild Turkey would rise sharply once the agreement with Diageo expired.

"We think that our sales force is more motivated for selling our products," the Pernod spokesman said.

Wild Turkey is one of Pernod's fastest-growing brands in terms of sales. It is currently distributed in the United States and Japan by Heublein Inc., which is part of Diageo.

Diageo is also involved in a dispute with Jose Cuervo, a Mexican tequila maker, about an agreement for Diageo to distribute its tequila in the United States until 2010. Like Pernod Ricard, Jose Cuervo signed the pact with GrandMet before its merger with Guinness. Diageo is waiting for a U.S. court ruling about whether the merger constitutes a change in their partnership. (Bloomberg, AFP)

VW's 'Dream Factory' Wakes Up to Reality

Bloomberg News

SAO PAULO — When Volkswagen AG opened a truck assembly plant in Resende, Brazil, executives hailed it as the factory of the future. But nearly two years later the "dream factory" has not turned out as hoped.

Volkswagen promised that the primary innovation — letting suppliers build the vehicles on the assembly line while it acts as overseer — would set new global efficiency standards.

But Volkswagen does not make that claim today. The Resende plant fails far short of industry-wide standards, both for productivity and for its ability to avoid costly repairs during the final stages of the assembly.

"VW forfeited too much control to suppliers," said Michael Hamm, an automotive analyst for Ernst & Young LLP in Sao Paulo. "Nobody was in charge."

No one is calling Resende a failure. Other automakers continue to study its "modular" manufac-

ture, in which suppliers design, build and deliver major subassemblies such as a complete front end, rather than bundles of individual parts. That minimizes automakers' investments and frees them to do what they do best — engineer vehicles, work on quality, and serve customers.

What is not winning many true believers is whether the best way to build trucks is to bring everyone under one roof and rely so heavily on suppliers' ability to coordinate with each other.

"It is difficult to say that we have gains or losses in productivity," said Roberto Barretti, director of operations at Resende. "Give me a little bit more time."

Resende is the brainchild of Jose Ignacio Lopez de Arriortua, a former VW executive. Mr. Lopez had jumped to VW in 1993 from General Motors Corp., which later accused him of stealing plans for a Resende-style factory. Mr. Lopez, who denied the charges, resigned from VW in 1996 as the company agreed to a

\$1.1 billion out-of-court settlement. The plant is 155 miles (250 kilometers) northeast of Sao Paulo. Its seven major suppliers contributed a third of its \$250 million construction costs and employ three-quarters of its 1,365 workers. Meritor Automotive Inc. of the United States, for example, installs axles and suspension components. VDO Kienzle GmbH, a unit of Mannesmann AG of Germany, installs dashboards and seats.

There are several benefits, in both theory and practice. Because VW can devote less capital investment to individual components like axles than Meritor, it relies on Meritor for cutting-edge technology. Mr. Barretti said. Inviting Meritor to install axles brought it into closer contact with VW customers, fostering quick response to changing consumer tastes, Mr. Barretti said.

Sergio Curvalho, Meritor's general manager for truck components, said, "It allows us to see more clearly how our axles and suspensions match with the trucks every

day, so we can be more exact in the manufacturing process."

The suppliers are paid only as completed trucks leave the factory, instead of the usual arrangement of delivering parts at a rate and price specified in a contract. While that creates shared risk and encourages suppliers to help each other and keep production flowing, it also creates the potential for coordination problems.

One-third of the 74 vehicles built daily at Resende need repairs before they pass final inspection. To meet world-class standards, that figure should be no more than 10 percent, said James Harbour, chairman of Harbour & Associates, a manufacturing consulting company in Michigan. Currently, the Resende plant needs roughly twice as many labor hours to build trucks as U.S. factories, Mr. Harbour said.

Mr. Barretti attributed the problem to inexperienced workers, some defective parts and scheduling difficulties in the flow of parts on the shop floor.

Bouygues Seeks to Cancel Shareholder Pact

Bloomberg News

PARIS — Bouygues SA, Europe's largest construction company, asked a court Tuesday to cancel an agreement with its key shareholder in a dispute over whether it should diversify into industries such as telecommunications.

Chairman Martin Bouygues summoned the business executive, Vincent Bolloré, to court to annul a December pact designed to stem the risk of conflict.

The agreement had turned the two men, once schoolmates, into foes as

Mr. Bolloré refused to sign the company accounts, challenged Bouygues' management and criticized its commitment to telecommunications.

If Martin Bouygues shakes free of the pact, he could buy more shares or forge new alliances to seal control of the company his father created 46 years ago.

Mr. Bolloré will also have the leeway to increase his stake, but he will lose the three board seats he used to challenge Bouygues' management. A Bolloré victory, meantime,

means both sides will be unable to sell or increase their stakes for five years. "The outcome of the court battle will shape the structure, and the power sharing, at Bouygues for years to come," said Marie-Christine Livinec, an analyst at Transbourse in Paris.

The Paris commercial court will decide in October whether Bouygues has the right to cancel the pact on the grounds that Mr. Bolloré failed to live up to his side of the agreement because he challenged Bouygues' management.

Deutsche Telekom Can't Hang Up on First Telecom Users

Bloomberg News

FRANKFURT — Deutsche Telekom AG must immediately restore a toll-free number that customers use to connect with rival First Telecom GmbH, which Germany's dominant phone company cut off Friday, a district court ruled Tuesday.

Deutsche Telekom said it would appeal. A Hamburg District Court upheld an injunction sought by First Telecom's 0-800 number at 4 P.M. Friday, giving the company five minutes notice.

Deutsche Telekom argues its action was justified because it was

losing about 50 pfennig (28 cents) for every minute that First Telecom customers spent calling from their mobile phones to fixed-network numbers. This was because Deutsche Telekom had to pick up the interconnection charge for transferring calls to the fixed network.

First Telecom paid from 5 pfennig to 10 pfennig a minute, depending on time of day, to rent the 0-800 number. This did not cover interconnection charges of between 50 pfennig to 60 pfennig a minute, Deutsche Telekom said.

from the competitor's special offer for mobile phone rates, which it claims violated the contract existing between the two companies.

"If Telekom's accusations are correct, then you'd have to ask, why shouldn't they cut off First Telecom?" said Ralf Hallmann, an analyst at Bankservice Berlin AG.

Deutsche Telekom cut off First

Telecom's 0-800 number at 4 P.M. Friday, giving the company five minutes notice.

Deutsche Telekom argues its action was justified because it was

losing about 50 pfennig (28 cents) for every minute that First Telecom customers spent calling from their mobile phones to fixed-network numbers. This was because Deutsche Telekom had to pick up the interconnection charge for transferring calls to the fixed network.

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WORLD STOCK MARKETS

Tuesday, July 21

Daily prices in local currencies.

Tel Aviv

High Low Close Prev.

Amsterdam

AEX Index: 1210.53

Previos: 1217.74

ABN-AMRO

52.29 52.20 52.20 52.10

AEGON

224.29 219.00 220.00 220.00

AfA

123.10 123.10 123.10 123.10

AfA Nobell

65.10 64.20 64.20 65.10

ASML Litho

100.00 99.00 99.00 100.00

BNP Paribas

86.30 85.20 85.20 85.30

Borsa Bors

33.00 31.10 31.10 32.20

Carrefour

10.00 9.90 9.90 10.00

Ceva

11.90 10.90 10.90 11.60

Dorothy Petrol

100.20 101.00 101.00 100.20

DSV

52.20 51.10 51.10 52.20

Ensercom

11.00 10.90 10.90 11.00

Ernst & Young

40.00 39.00 39.00 40.00

Exxon

11.00 10.90 10.90 11.00

Fluor

10.00 9.90 9.90 10.00

Generali

10.00 9.90 9.90 10.00

Heublein

10.00 9.90 9.90 10.00

Hilti

10.00 9.90 9.90 10.00

Larsen Toubro

22.00 21.90 21.90 22.00

Levi Strauss

12.00 11.90 11.90 12.00

Philips

10.00 9.90 9.90 10.00

Shell

10.00 9.90 9.90 10.00

Telstra

10.00 9.90 9.90 10.00

Telstra Corp

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Telstra Corp B

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Telstra Corp M

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Telstra Corp N

10.00 9.90 9.90 10.00

Telstra Corp O

10

NYSE

AP Photo/SD

Tuesday's 4 P.M. Close

The 2,600 most traded stocks of the day.
 Nationwide prices not reflecting late trades elsewhere.
 The Associated Press.

12 Month Stock Div Yld PE 100% High Low/Lated Chgs

12 Month High	12 Month Low	Stock	Div Yld	PE	100% High	Low/Lated Chgs	12 Month High	12 Month Low	Stock	Div Yld	PE	100% High	Low/Lated Chgs	12 Month High	12 Month Low	Stock	Div Yld	PE	100% High	Low/Lated Chgs
294 21% AAR	34 12	34 22	374 20%	270	270	-1%	719 61%	719 61%	Actv	0.5%	100	100	-1%	142 24%	142 24%	Actv	0.5%	100	100	-1%
377 21% ABM	24 22	24 22	997 24%	26	26	-1%	510 51%	510 51%	Actv	0.6%	110	110	-1%	226 22%	226 22%	Actv	0.6%	110	110	-1%
45 34% ACE Lhd	34 34	34 34	12 18	416	416	-1%	16 16	16 16	Actv	0.9	400	184	184	184	184	Actv	0.9	400	184	184
1116 10% ACMR	25 25	25 25	8 8	75	75	-1%	205 20%	205 20%	Actv	0.9	215	215	215	215	215	Actv	0.9	215	215	215
109% 9% ACN SC	9 9	9 9	1 1	1467	1467	-1%	18 18	18 18	Actv	0.9	205	195	195	195	195	Actv	0.9	205	195	195
7% 6% ACMS	6 6	6 6	1 1	252	252	-1%	18 18	18 18	Actv	0.9	205	195	195	195	195	Actv	0.9	205	195	195
15% 12% ACN	12 12	12 12	1 1	125	125	-1%	18 18	18 18	Actv	0.9	205	195	195	195	195	Actv	0.9	205	195	195
10% 9% ACM	9 9	9 9	0.1 0.1	207	207	-1%	18 18	18 18	Actv	0.9	205	195	195	195	195	Actv	0.9	205	195	195
277 71% ACH	24 24	24 24	479 20%	280	280	-1%	18 18	18 18	Actv	0.9	205	195	195	195	195	Actv	0.9	205	195	195
58% 42% ACD	42 42	42 42	1 1	151	151	-1%	18 18	18 18	Actv	0.9	205	195	195	195	195	Actv	0.9	205	195	195
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77% 17% ACCM	17 17	17 17	1 1	151	151	-1%	18 18	18 18	Actv	0.9	205	195	195	195	195	Actv	0.9	205	195	195
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25% 17% ACCM	17 17	17 17	1 1	151	151	-1%	18 18	18 18	Actv	0.9	205	195	195	195	195	Actv	0.9	205	195	195
25% 17% ACCM	17 17	17 17	1 1	151	151	-1%	18 18	18 18	Actv	0.9	205	195	195	195	195	Actv	0.9	205	195	195
25% 17% ACCM	17 17	17 17	1 1	151	151	-1%	18 18	18 18	Actv	0.9	205	195	195	195	195	Actv	0.9	205	195	195
25% 17% ACCM	17 17	17 17	1 1	151	151	-1%	18 18	18 18	Actv	0.9	205	195	195	195	195	Actv	0.9	205	195	195
25% 17% ACCM	17 17	17 17	1 1	151	151	-1%	18 18	18 18	Actv	0.9	205	195	195	195	195	Actv	0.9	205	195	195
25% 17% ACCM	17 17	17 17	1 1	151	151	-1%	18 18	18 18	Actv	0.9	205	195	195	195	195	Actv	0.9	205		

China Plans To Combine 2 Brokerages

By Joseph Kahn
New York Times Service

SHANGHAI — China plans to merge J&A Securities Co. and another brokerage after auditors discovered financial irregularities at the army-backed J&A, employees said Tuesday.

The forced combination with China Guotai Securities Co. would create a company with about 23 billion yuan (\$2.8 billion) in assets, eclipsing Shenyin & Wangye Securities Co., China's largest securities firm, and itself the product of a state-ordered merger.

It would also rein in J&A, which, backed by the People's Liberation Army, built itself into one of China's largest stock traders in less than six years.

China's cabinet, the State Council and the China Securities Regulatory Commission will send a special working group to coordinate and help with the merger, said a J&A departmental manager who declined to be named. Details of the merger were not available yet, he said.

Officials at the Shanghai-based Guotai said they expected to take over management of J&A, based in Shenzhen, as a prelude to a full merger. Chinese regulators ordered the move after four J&A executives were summoned to Beijing last week as part of an investigation into J&A, the South China Morning Post reported.

The merger is part of China's effort to clean up its eight-year-old financial markets and build a domestic securities industry. For many Chinese securities firms, rules are still there to be broken, officials say.

Guotai has total assets of 8 billion yuan and its shareholders include major state-owned banks such as the Industrial & Commercial Bank of China, the China Construction Bank, the Agricultural Bank of China and the Bank of China, employees said.

Last week, Mr. Zhang and three other J&A executives — the general manager Yang Jun, the deputy general manager Kang Xisoyang, and the head of mergers and acquisitions Zhou Zhengkang — were summoned to Beijing after a government audit found 1 billion yuan missing from the company accounts, employees said.

J&A said that "individuals" were being investigated for "personal problems." It has also taken out advertisements in Hong Kong newspapers denying reports of trading losses.

Beijing's Makeover for Amway

With Revisions, Firm Is Allowed to Resume Sales Operations

By Joseph Kahn
New York Times Service

China has backed off from a blanket ban it imposed on direct selling to consumers just three months ago, allowing Amway Corp. — a distributor of soap and hair-care products — to resume operations there and lifting its Asian division's share price more than 30 percent.

The reversal of the order came as a surprise, given the vehemence with which Beijing officials had defended the ban when it was ordered last spring. The government said at the time that the direct-selling operations functioned as financial pyramid schemes and

contributed to social unrest.

But the reversal illustrates a reality of doing business in China, where negotiations often take place only after the summary passage of laws and regulations. Exceptions to new rules are often allowed after they are instituted.

The plan requires some modifications in the way that Amway operates, company officials said.

Amway's agents will no longer purchase the company's household products before reselling them to consumers. Instead, the agents will act as conventional salespeople, earning a commission on sales to the users without taking financial risks themselves.

The relaxation of Chinese rules

in this case will not necessarily help other direct sellers. The new order requires that direct-sales companies invest at least \$10 million in China and that they maintain similar operations in other countries, a test that many companies are unlikely to pass.

Amway, based in Ada, Michigan, was the largest direct seller in China, with roughly 70,000 independent sales agents nationwide and about \$180 million in sales last year.

Acceptance of the revised plan helped shares of Amway Asia Pacific Ltd. rise \$5.45 to \$23.58 in New York on Monday, Bloomberg News reported. In late trading Tuesday, shares rose \$2.37 to \$25.95.

Vietnam Downgrades Outlook for Economy

Reuters

HANOI — The standing committee of the National Assembly of Vietnam on Tuesday officially lowered major economic targets for 1998, revising its economic growth forecast to 6 to 7 percent from 9 percent.

"The economic situation in our country faces many difficulties. It is hard to reach many major targets for 1998 which had previously been approved," a standing committee statement said.

The standing committee carries out day-to-day activities of the National Assembly.

The committee said it now ex-

pected inflation to rise to nearly 10 percent for the year. The previous official target had been just under 7 percent. The committee said the export growth target for 1998 was now 10 percent. No previous target was met, but exports last year grew 22 percent, according to the government.

Growth in industrial output was estimated at 10 to 11 percent, while growth in agricultural output was forecast at 3 to 3.5 percent. Last year these sectors were reported to have grown by 13.2 percent and 4.6 percent, respectively.

The economy of the Communist-ruled country has shown clear signs of strain amid the crisis sweeping through Asia, with a plunge in pledges of new foreign investment and a big drop in export growth in the first half of the year. Internal economic weaknesses such as red tape and corruption have exacerbated the problems.

The International Monetary Fund and the Asian Development Bank have both predicted economic growth of 5 percent for 1998, down from the 8.8 percent that Vietnam reported for last year.

RUSSIA: Moscow Leaders Hail IMF Loan as Opportunity to Achieve Solvency

Continued from Page 1

"This is the first and, perhaps, the most important victory," he added.

Private financial experts did not disagree with the importance of those moves. But some of them noted that Russia has promised similar reforms before and failed to deliver. And they wondered why this set of promises should be any different.

"I think they're going to find it very difficult to fulfill all the conditionalities underlying the IMF package and Kiriyenko's anti-crisis package," said one Moscow-based investment banker.

"The question isn't one of willingness. It's whether they can actually implement the reforms.

The Duma, the bureaucracy, the

local governments, the financial and industrial groups — all these bodies are going to be acting in some way against the government's push on reforms. A lot of these people got rich under the status quo. And they don't want to see it change."

That banker, who asked not to be identified, said his firm believed the government had two or three months to show real progress on reforms before another fiscal crisis began to take form.

Even Russia's deputy finance minister, Mikhail Kasynov, said Tuesday that Russia basically had until the end of the year to implement real reform.

The IMF reflected some of the skepticism on Monday when it decided to extend an initial \$4.8 billion in loans to the Russian government

instead of the \$5.6 billion that had been tentatively agreed on earlier.

The Fund's action, part of a loan package totaling \$11.2 billion, was widely viewed as a warning signal to the Russian Parliament that it must put its stamp on fiscal reform or see the international money pipeline dry up.

Russian markets got that message, and one index of blue-chip stocks fell 3.5 percent in the opening minutes on Tuesday. The Russian RTS index closed 4.7 percent lower, at 183.95.

Mr. Kiriyenko nonetheless seems to be making some progress. On Tuesday, the government said he had reached agreement with the vast natural-gas monopoly Gazprom on a schedule to pay billions of rubles in back taxes that the utility had

ignored in the last 18 months.

Details of the repayment plan were not available. Last month, the government sent tax agents into Gazprom offices, threatening to seize the company's vacation dachas, hunting lodges, limousines and other "perks" unless the company paid its debts by the start of July.

Palladium Exports Continue

Russia is continuing to export palladium from stockpiles of the country's central bank, and will consider increasing shipments if necessary, central bank officials said, Bloomberg News reported from Moscow.

Almazyuvelirexport, a government agency, is shipping both metals from the central bank's reserves.

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MONGOLIA: 'Our Murdoch'

Continued from Page 11

"Maybe political connections have helped my business," Mr. Baldorj said. "But people say controversial things about me because my business goes well."

He denied that he had any ambition to become prime minister but said he planned to take "a more active role in the leadership" of the People's Revolutionary Party in the next election.

Onodor claims a circulation of 10,000, about one-quarter of all daily newspapers sold in Mongolia, and Mr. Baldorj has expanded his media empire to encompass broadcasting as well as a stable of publications.

Financed largely through borrowing, Mr. Baldorj has a radio and television station as well as four weekly newspapers. One covers sports, two for children and teenagers. The other is the English-language UB Post. All of Mr. Baldorj's publications are put together by 100 journalists in two rooms using three phone lines and 12 computers.

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China Calls

For Increase In Spending

The Associated Press

BEIJING — A Chinese deputy prime minister has renewed calls for more spending on infrastructure projects to stimulate the flagging economy, the official China Daily said Tuesday.

The China Daily quoted Deputy Prime Minister Li Lanqing as saying the government would increase the budget for infrastructure projects.

The newspaper gave no indication, however, of how big the increase might be.

Mr. Li's call follows reports last week that the economy grew 7 percent in the first half of the year, below the 8 percent rate the government considers crucial for creating jobs for rising numbers of workers laid off from foundering state industries.

The government already has earmarked massive funding for roads, bridges, housing and energy plants to keep the economy steaming ahead despite fallout from the Asian economic crisis.

Investor's Asia

Exchange	Index	Tuesday Close	Prev. Close	Change
Hong Kong	Hang Seng	1750	1700	+50

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1998 Im

NASDAQ

Tuesday's 4 P.M.
The 1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press.

In terms of dollar value, updated twice a year.
The Associated Press.

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Month	Low	High	Last	Chg	Day			Wk			Mth			Yr			PE			Low			Last			Chg		
					100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100	100
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2	111	113	112	-1	111	113	112	111	112	112	111	112	111	112	111	112	111	112	111	112	111	112	111	112	111	112	111	112
3	112	114	113	-1	112	114	113	112	113	113	112	113	112	113	112	113	112	113	112	113	112	113	112	113	112	113	112	113
4	113	115	114	-1	113	115	114	113	114	114	113	114	113	114	113	114	113	114	113	114	113	114	113	114	113	114	113	114
5	114	116	115	-1	114	116	115	114	115	115	114	115	114	115	114	115	114	115	114	115	114	115	114	115	114	115	114	115
6	115	117	116	-1	115	117	116	115	116	116	115	116	115	116	115	116	115	116	115	116	115	116	115	116	115	116	115	116
7	116	118	117	-1	116	118	117	116	117	117	116	117	116	117	116	117	116	117	116	117	116	117	116	117	116	117	116	117
8	117	119	118	-1	117	119	118	117	118	118	117	118	117	118	117	118	117	118	117	118	117	118	117	118	117	118	117	118
9	118	120	119	-1	118	120	119	118	119	119	118	119	118	119	118	119	118	119	118	119	118	119	118	119	118	119	118	119
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14	123	125	124	-1	123	125	124	123	124	124	123	124	123	124	123	124	123	124	123	124	123	124	123	124	123	124	123	124
15	124	126	125	-1	124	126	125	124	125	125	124	125	124	125	124	125	124	125	124	125	124	125	124	125	124	125	124	125
16	125	127	126	-1	125	127	126	125	126	126	125	126	125	126	125	126	125	126	125	126	125	126	125	126	125	126	125	126
17	126	128	127	-1	126	128	127	126	127	127	126	127	126	127	126	127	126	127	126	127	126	127	126	127	126	127	126	127
18	127	129	128	-1	127	129	128	127	128	128	127	128	127	128	127	128	127	128	127	128	127	128	127	128	127	128	127	128
19	128	130	129	-1	128	130	129	128	129	129	128	129	128	129	128	129	128	129	128	129	128	129	128	129	128	129	128	129
20	129	131	130	-1	129	131	130	129	130	130	129	130	129	130	129	130	129	130	129	130	129	130	129	130	129	130	129	130
21	130	132	131	-1	130	132	131	130	131	131	130	131	130	131	130	131	130	131	130	131	130	131	130	131	130	131	130	131
22	131	133	132	-1	131	133	132	131	132	132	131	132	131	132	131	132	131	132	131	132	131	132	131	132	131	132	131	132
23	132	134	133	-1	132	134	133	132	133	133	132	133	132	133	132	133	132	133	132	133	132	133	132	133	132	133	132	133
24	133	135	134	-1	133	135	134	133	134	134	133	134	133	134	133	134	133	134	133	134	133	134	133	134	133	134	133	134
25	134	136	135	-1	134	136	135	134	135	135	134	135	134	135	134	135	134	135	134	135	134	135	134	135	134	135	134	135
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29	138	140	139	-1	138	140	139	138	139	139	138	139	138	139	138	139	138	139	138	139	138	139	138	139	138	139	138	139
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16	156	158	157	-1	156	158	157	156	157	157	156	157	156	157	156	157	156	157	156	157	156	157	156	157	156	157	156	157
17	157	159	158	-1	157	159	158	157	158	158	157	158	157	158	157	158	157	158	157	158	157	158	157	158	157	158	157	158
18	158	160	159	-1	158	160	159	158	159	159	15																	

NYSE

Tuesday's 4 P.M. Close

(Continued)

The 1998 International Herald Tribune Survey

RSVP!

Dear Reader

As a reader of the International Herald Tribune, you are of vital importance to the newspaper, whether you are a regular, occasional or even a first-time reader. Only by knowing more about your thoughts on the newspaper content, your lifestyle and your business, can we endeavour to produce a better newspaper.

We would be very grateful if you could take the time to fill in this questionnaire, fold it following the instructions on the reverse side and post it (the postage is already paid). For every reply we receive we will donate a dollar to a charity.

If you wish to enter our free prize drawing, please fill in your name and address in the space provided below - two winners will be sent a decanter of Fine Champagne Cognac Extra from Rémy Martin.

Thank you very much for your time.

Peter C. Goldmark Jr.

Peter C. Goldmark Jr.
Chairman and Chief Executive

Please indicate your responses with an X in the appropriate boxes.

YOU AND THE INTERNATIONAL HERALD TRIBUNE...

1 - ▶ How often do you usually read or look at the IHT?

5-6 days a week 1-2 days a week 1a
3-4 days a week Less than once a week

2 - ▶ How do you usually obtain your copy of the IHT?

when in home country	when traveling
Home subscription <input type="checkbox"/> 1a	Airline <input type="checkbox"/> 1a
Personal office subscription <input type="checkbox"/>	Hotel <input type="checkbox"/>
Colleague/friend/relative <input type="checkbox"/>	Newspaper <input type="checkbox"/>
Newstand <input type="checkbox"/>	Other <input type="checkbox"/>
I only read the IHT when traveling <input type="checkbox"/>	

3 - ▶ And how many people excluding yourself usually read your copy of the IHT?

One Three Five or more 1a
Two Four No-one else

4 - ▶ On average, how much time do you spend reading the IHT?

Less than 15 minutes <input type="checkbox"/>	1-2 hours <input type="checkbox"/> 1a
15-29 minutes <input type="checkbox"/>	2-3 hours <input type="checkbox"/>
30-44 minutes <input type="checkbox"/>	Over 3 hours <input type="checkbox"/>
45 minutes-1 hour <input type="checkbox"/>	Not sure <input type="checkbox"/>

5 - ▶ For a typical issue of the IHT, what percentage of pages do you look at or read from before you discard the newspaper?

100% 60% 20% 1a
80% 40% Less than 20%

6 - ▶ Usually, how many separate times do you pick up your copy of the IHT before you have finished with it completely?

WRITE IN _____ 1a

7 - ▶ How many other daily newspapers do you usually read? (Please include all daily titles whether they be international, national, or local)

One Three Five or more 1a
Two Four No other

8 - ▶ If you had to rank by order of importance to you personally the daily newspapers you read, where would you rank the IHT?

First Second Third Other (WRITE IN) _____ 1a

9 - ▶ Please indicate your level of agreement with the following statements regarding the IHT:

Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 1a
Publication I want to read <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 1a
You can believe what you read in it <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 1a
I look forward to reading it <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 1a
is a leisurely read <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 1a
Is a publication I read thoroughly rather than skim <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> 1a

10a - ▶ Do you ever read the IHT on the Internet?

Yes No 1a

10b - ▶ If yes, Each day 1-2 times/week 3-4 times/week 5 times/week Less often 1a

AIR TRAVEL...

11 - ▶ Approximately how many international air trips have you made in the last 12 months?

Business Pleasure	Business Pleasure	Business Pleasure
1-3 trips <input type="checkbox"/>	11-15 trips <input type="checkbox"/>	none <input type="checkbox"/> 1a
4-6 trips <input type="checkbox"/>	16-20 trips <input type="checkbox"/>	
7-10 trips <input type="checkbox"/>	21+ trips <input type="checkbox"/>	

12 - ▶ Which, if any, of the regions listed below have you visited by air in the last 12 months?

Business Pleasure	Business Pleasure
Austria <input type="checkbox"/> 1a-11	Hong Kong <input type="checkbox"/> 1a-11
Belgium/Luxembourg <input type="checkbox"/> 11-12	India <input type="checkbox"/> 1a-11
France <input type="checkbox"/> 11-15	Indonesia <input type="checkbox"/> 1a-11
Germany <input type="checkbox"/> 11-17	Japan <input type="checkbox"/> 1a-11
Greece <input type="checkbox"/> 11-18	Korea <input type="checkbox"/> 1a-11
Israel <input type="checkbox"/> 1a-21	Malaysia <input type="checkbox"/> 1a-11
Italy <input type="checkbox"/> 22-24	Philippines <input type="checkbox"/> 1a-11
Netherlands <input type="checkbox"/> 1a-25	Singapore <input type="checkbox"/> 1a-11
Scandinavia <input type="checkbox"/> 1a-27	Taiwan <input type="checkbox"/> 1a-11
Spain <input type="checkbox"/> 1a-29	Thailand <input type="checkbox"/> 1a-11
Switzerland <input type="checkbox"/> 1a-31	Other Asia/Pacific <input type="checkbox"/> 1a-11
UK <input type="checkbox"/> 1a-32	USA <input type="checkbox"/> 1a-11
Eastern Europe <input type="checkbox"/> 1a-35	Canada <input type="checkbox"/> 1a-11
Other Europe <input type="checkbox"/> 1a-37	Central America/Caribbean <input type="checkbox"/> 1a-11
Africa <input type="checkbox"/> 1a-38	South America <input type="checkbox"/> 1a-11
Australia/New Zealand <input type="checkbox"/> 1a-41	Middle East <input type="checkbox"/> 1a-11

13a - ▶ For business trips what class of travel do you usually use?

Trips up to 4 hours <input type="checkbox"/>	Trips of 4 hours or more <input type="checkbox"/> 1a
First Class <input type="checkbox"/> 1a	<input type="checkbox"/>
Business Class <input type="checkbox"/>	<input type="checkbox"/>
Economy <input type="checkbox"/>	<input type="checkbox"/>

13b - ▶ How many frequent flyer clubs are you a member of?

None One Two Three or more 1a

WIN A DECANTER OF FINE CHAMPAGNE COGNAC EXTRA



RÉMY MARTIN
FINE CHAMPAGNE COGNAC

To thank you, a dollar will be given to a charity of your choice. Please indicate which of these charities should benefit from your dollar donation.

World Wildlife Fund Cancer Research 1a
Médecins Sans Frontières International Red Cross 1a

14 - ▶ Approximately how many nights have you spent in hotels on business in the last 12 months?

1-7 15-29 50-74 1a
8-14 30-49 75+ none

15 - ▶ In the last 12 months, have you:

flown in your own private plane? Yes 1a
flown in your Company's plane? No

ABOUT YOUR LIFESTYLE...

16 - ▶ Which, if any, of the following cards do you use? (Please check all that apply.)

AMEX Gold/Platinum <input type="checkbox"/> 1a	Any other card <input type="checkbox"/> 1a
AMEX Green <input type="checkbox"/> 1a	
Visa Gold/Premier <input type="checkbox"/> 1a	International telephone calling cards <input type="checkbox"/>
Other Visa <input type="checkbox"/> 1a	- AT&T <input type="checkbox"/> 1a
MasterCard Gold <input type="checkbox"/> 1a	- MCI <input type="checkbox"/> 1a
Other MasterCard <input type="checkbox"/> 1a	- Sprint <input type="checkbox"/> 1a
Diners Club <input type="checkbox"/> 1a	Any other int'l calling cards <input type="checkbox"/> 1a

17 - ▶ Which of the following items have you bought in the last 12 months, whether for yourself, your household or as a gift? (Please check all that apply.)

Cognac <input type="checkbox"/> 1a	Perfumes <input type="checkbox"/> 1a
Blended/malt whisky <input type="checkbox"/> 1a	Watches <input type="checkbox"/> 1a
Canadian/US/Irish whisky <input type="checkbox"/> 1a	Jewelry <input type="checkbox"/> 1a
Gin <input type="checkbox"/> 1a	Designer clothing <input type="checkbox"/> 1a
Vodka <input type="checkbox"/> 1a	Leather items <input type="checkbox"/> 1a
Crystalware <input type="checkbox"/> 1a	Writing accessories <input type="checkbox"/> 1a

18a - ▶ How many cars do you have in your household?

none one two 1a
three or more

18b - ▶ Do you have a company car?

Who chose it? Yes 1a
Your company No 1a
You 1a

18c - ▶ What is the size of the engine of your:

under 1999cc <input type="checkbox"/>	2000-3000cc <input type="checkbox"/> 1a	over 3000cc <input type="checkbox"/>
Personally owned car? <input type="checkbox"/>	<input type="checkbox"/> 1a	<input type="checkbox"/> 1a
Company owned car? <input type="checkbox"/>	<input type="checkbox"/> 1a	<input type="checkbox"/> 1a

19 - ▶ Which of the following do you currently use?

Personally <input type="checkbox"/> 1a	For business <input type="checkbox"/>
Personal computer <input type="checkbox"/> 1a	<input type="checkbox"/> 1a
Laptop/notebook/handheld computer <input type="checkbox"/> 1a	<input type="checkbox"/> 1a
CD-ROM <input type="checkbox"/> 1a	<input type="checkbox"/> 1a
Video conferencing <input type="checkbox"/> 1a	<input type="checkbox"/> 1a
Cellular/mobile phone <input type="checkbox"/> 1a	<input type="checkbox"/> 1a
Compact satellite phone <input type="checkbox"/> 1a	<input type="checkbox"/> 1a

The Internet/other on-line services:
- for business and finance information 1a
- for general information 1a

Have you ever bought goods/services through the Internet? Yes 1a
No 1a

20 - ▶ Which, if any, of the following publications do you read regularly (at least 3 out of 4 issues)?

Financial Times <input type="checkbox"/> 1a	The Economist <input type="checkbox"/> 1a
USA Today <input type="checkbox"/> 1a	The European <input type="checkbox"/> 1a
The Asian Wall Street Journal <input type="checkbox"/> 1a	Far Eastern Economic Review <input type="checkbox"/> 1a
The Wall Street Journal Europe <input type="checkbox"/> 1a	Newsweek <input type="checkbox"/> 1a
BusinessWeek <input type="checkbox"/> 1a	Time <input type="checkbox"/> 1a

21 - ▶ Which, if any, of the following have you done in a business or personal capacity in the last twelve months?

Acted as adviser to another company 1a
Been interviewed on TV, radio or by the press 1a
Had an article, paper or book published 1a
Set on an industrial/professional committee 1a
Lobbied or advised members of national/local government 1a
Been involved in an environmental/conservation/animal welfare group 1a

YOUR WORK...

22 - ▶ Are you currently:

Working full/part time 1a
A student 1a
Not in paid employment/other 1a
Retired 1a

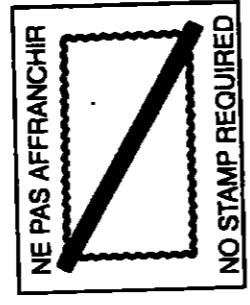
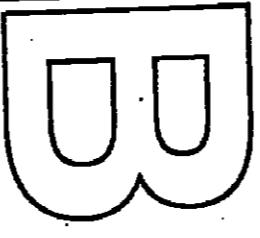
23 - ▶ What is your job title or position?

Owner/Partner <input type="checkbox"/> 1a	Politician/Government Minister <input type="checkbox"/> 1a
Chairman/President/CEO <input type="checkbox"/> 1a	Diplomat/Senior Government Official <input type="checkbox"/>
Managing Director <input type="checkbox"/> 1a	Medical <input type="checkbox"/>
Vice President <input type="checkbox"/> 1a	Legal <input type="checkbox"/>
General Manager <input type="checkbox"/> 1a	Education <input type="checkbox"/>
CFO/Finance Director/Treasurer <input type="checkbox"/> 1a	Clerical position <input type="checkbox"/>
Department Head <input type="checkbox"/> 1a	Other job/position <input type="checkbox"/>
Consultant <input type="checkbox"/> 1a	(WRITE IN) _____ 1a
Other senior position <input type="checkbox"/> 1a	
Other Director/Manager <input type="checkbox"/> 1a	

24a - ▶ What is the main activity of your organization?

Manufacturing/engineering <input type="checkbox"/> 1a	Computing <input type="checkbox"/> 1a
Primary industry/utilities <input type="checkbox"/>	Telecommunications <input type="checkbox"/>
Construction <input type="checkbox"/>	Other business services <input type="checkbox"/>
Wholesale/retail <input type="checkbox"/>	Education <input type="checkbox"/>
Travel/tourism/transportation <input type="checkbox"/>	Medical <input type="checkbox"/>
Publishing/printing/broadcasting <input type="checkbox"/>	Legal <input type="checkbox"/>
Banking <input type="checkbox"/>	Government/diplomatic <input type="checkbox"/>
Other financial services <input type="checkbox"/>	Other (WRITE IN) _____ 1a

24b - ▶ For those of you working in the financial sector, which of the following best describes your job function?



By air mail
Par avion

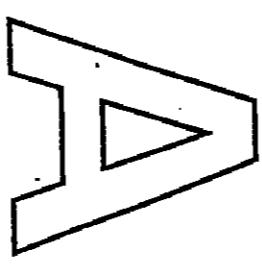
IBRS/CRI NUMBER: PHQ-D/4764/RG
IF OUTSIDE EUROPE PLEASE AFFIX STAMP

**REPOSE PAYEE
GRANDE-BRETAGNE**

EUROPEAN DATA & RESEARCH LTD.
8 FRIDAY STREET
HENLEY-ON-THAMES
OXON.
GREAT BRITAIN
RG9 1ZY

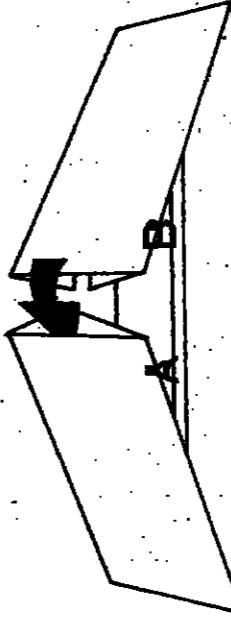
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FIRST FOLD



SECOND FOLD

THIRD FOLD



FOURTH FOLD

FOLD IN SEQUENCE
First fold to Fourth fold.
Then tuck Flap B into Flap A.

Herald Tribune INTERNATIONAL SPORTS

PAGE 18

WEDNESDAY, JULY 22, 1998

WORLD ROUNDUP

Italy Ousts Maldini

SOCCER Cesare Maldini is stepping down as Italy's national coach, the Italian soccer federation announced Tuesday.

Maldini met Luciano Nizzola, the federation president, in Turin on Saturday and agreed to the change. Nizzola will decide on a successor "in the coming days," a statement from his office said.

Newspaper reports Tuesday said Dino Zoff, the former Italian goalkeeping coach and captain, will be hired as coach this week.

Maldini, whose contract expires at the end of the year, has been offered another position with the national soccer body.

Under Maldini, Italy scraped into the World Cup finals through a two-game playoff and lost to the eventual champion, France, in the quarterfinals on penalty kicks.

He was criticized in Italy for his defensive tactics. (AP)

Rufai 'Pressured' to Play

SOCCER Peter Rufai, the Nigeria goalkeeper, said "political pressures" forced him to play in the World Cup. Rufai, the second-choice goalkeeper at Deportivo Coruna in Spain, played poorly in Nigeria's 4-1 loss to Denmark.

"When the season finished I was planning to go on holiday to Cuba with a friend. I stayed out late, went to a disco and didn't think of going to France," he said. "But I received a phone call that obliged me to join up with the squad."

"I didn't have any option. I wasn't prepared and so I didn't play at the level I hoped." (Reuters)

• AC Milan said Tuesday it had extended the contract of striker George Weah to 2001. (AP)

• Vegard Heggem, a Norwegian defender, joined Liverpool of the English Premier League on Tuesday from Rosenborg Trondheim for a transfer fee of about £3.5 million (\$5.8 million). (Reuters)

NBA and Players Talk

BASKETBALL David Stern, the National Basketball Association commissioner, and Billy Hunter, the players union director, met for 90 minutes Tuesday and agreed to resume bargaining. Stern and Hunter plan to speak Friday to set the date for negotiations. The two sides have not bargained since June 22, eight days before the NBA locked out its players. (AP)

• Officials of the NBA and USA Basketball, the sport's governing body in the United States, have decided to prevent the coming world championships from being shown on American television because NBA players will not be taking part.

Russ Granik, the USA Basketball president and NBA deputy commissioner, said the decision was made because sponsors and TV networks "bought it based on the assumption that top NBA players were playing."

The 12 NBA players under contract to play for the U.S. team refused to play because of their labor dispute with NBA management. USA Basketball replaced them with Americans playing in foreign pro leagues. Continental Basketball Association players and collegians — a squad that seems unlikely to win the tournament. (WP)

Becker Wins in the Heat

TENNIS Boris Becker swept past Andrea Gaudenzi of Italy 6-1, 7-5, on Tuesday in the opening round of the Mercedes Cup in Stuttgart.

Even though he was playing on clay in temperatures that climbed above 40 degrees centigrade (104 degrees Fahrenheit), Becker attacked the net constantly. "I played serve and volley on the clay," he said. "That's my game and it is what I know best." (Reuters)

As Tour Hits Peaks, Some Order Returns

Top Riders Achieve 1-to-5 Ranking Overall

By Samuel Abt
International Herald Tribune

climbs, the Aspin and the Peyresourde, both rated first category or a notch lower than their predecessors.

On the fourth climb Massi took off, leaving his weary teammate and the unwinding Vasseur behind. Massi had enough power left to hold off a late charge by Marco Pantani, an Italian with Mercatone Uno, the winner of the Giro d'Italia and, on the 364 other days of the year, a far superior climber to Massi.

Pantani reverted to his habit of unleashing his charge too late and again finished a Tour stage in second place. The winner was timed in 5 hours 49 minutes 40 seconds, a speed of 33 kilometers an hour, or 36 seconds faster than Pantani across the finish line after a 15-kilometer descent from the Peyresourde into Luchon.

Third in the stage, which started in Pau, was Michael Boogerd, a Dutchman with Rabobank, 59 seconds behind. Clocking the same time were nine other riders, including Ullrich, a German with Rabobank and the defending champion; Pantani, an American with Cofidis, and Leblanc, a Frenchman with Polti.

Ullrich regained the overall leader's yellow jersey that he yielded to Desbriens on Sunday. The German is 1:18 ahead of Julich. Hamburger, a Dane with Casino, is third, 2:17 behind the leader, with Jalabert, a Frenchman with ONCE, 2:38 behind and Leblanc 3:03 behind. The 151 remaining riders get another chance to climb Wednesday before a day off on Thursday.

An ecstatic Julich attempted to be

blase afterward. "Last year I had goosebumps when I finished with the leaders in Morzine," he said. "This time I knew my place was with the best."

Seventeen riders quit the race, some out of exhaustion, some because of crashes on foggy and slippery roads. The major casualty was Francesco Casagrande, the Italian leader of Cofidis, who Julich was obligated to work for. With Casagrande gone, the American becomes the team leader for whom everybody else on the team works.

"Everybody" includes another American with Cofidis, Kevin Livingston, a strong climber who finished 14th Tuesday, 1:58 behind, and ranks 18th overall, 5:38 behind. He is likely to wednesday in the final climb to the Plateau de Beille, which will make his debut in the Tour but which Livingston knows from his second-place finish last year in the Tour de l'Avenir.

The weather turned overnight, dropping from 40 degrees centigrade (104 degrees Fahrenheit) to half that atop the climbs. A heavy fog and swirling mist, especially on the first climb, contributed to the difficulties, making descents from the peaks treacherous.

Another key factor in the stage was the absence of the Festina team, which was expelled in a drug scandal late Friday. The team's nine riders are usually dominant in the mountains and would surely have attacked Ullrich and the other favorites early in the stage.

"I think it will be difficult to find a challenger, to have the numbers in the front to beat the Telekom guys," said Frankie Andreu, an American with U.S. Postal Service, beforehand. "Festina could put five or six riders up there and get Telekom in trouble. Now I think it's

going to be more of an open race."

Another American with U.S. Postal Service, Tyler Hamilton, who lost more than 18 minutes Monday when he suffered a heatstroke and crossed the finish line in a daze, started and finished Tuesday.

"I was suffering so bad," he said in a drizzle at the start in Pau. "I wasn't disabled but I was pretty out of it. It was extremely hot and I was completely empty. My body just shut down."

Hamilton explained that he has had stomach troubles for the last month and that some days he cannot retain food or drink. Monday was one of those days.

Two Tour de France cyclists picking themselves up after falling on the descent of the Aubisque peak.

"I went from such a high to such a low in two days," he said, referring to his second place in the individual time trial Saturday to his 16th place Monday.

Nevertheless, he was game to see how he would do in the Pyrenees. "I put my body through a lot yesterday," he said. "How it reacts today I don't know. You can only push your body so hard and then it doesn't want to go any harder."

Hamilton finished the mountain stage in 126th place among a big group of riders bringing up the rear, 3:34 behind Massi. In his way, he rode just as courageously as the winner.

The two Tour de France cyclists picking themselves up after falling on the descent of the Aubisque peak.

The Associated Press

PARIS — The drug scandal overshadowing the Tour de France took another turn Tuesday when the Festina team's doctor claimed that riders were ordered by the team manager to contribute to a fund that was used to buy illegal substances.

"The riders were obliged to put part of their win bonuses into a 'black box' fund to buy banned substances,"

Arsene Ryckaert, lawyer for team doctor Eric Ryckaert, said in an interview published in the daily newspaper *Le Parisien*. "These products, like regular drugs, were held at Festina's headquarters in Lyon."

Bruno Roussel, the team manager, was in charge of the system, and riders decided what substances they wanted to take, the lawyer said.

Mr. Ryckaert said his client, to whom he is not related, did not pre-

scribe or administer banned substances, and was called in only if riders had problems after taking drugs.

Customs officers found illegal substances in the car of the physiotherapist of Festina's top rider, Richard Virenque, just before the start of the Tour.

The Festina team was thrown out of the race Saturday, and police in the northern city of Lille are holding Mr. Ryckaert and Mr. Roussel.

It was also reported Tuesday that French customs officials found the drug EPO in the car of officials of the TFM team in March. EPO, an artificial hormone that thickens the blood to carry more oxygen to muscles, was also among the substances allegedly used by Festina.

Tour organizers have threatened to throw the TFM team out if it is proven that its riders took the illegal drug.

Painter Captures the Passion, Confrontation and Art of Soccer

International Herald Tribune

LONDON — Never in his wildest flights of fantasy did Lilian Thuram imagine himself scoring the two goals with which France became a World Cup finalist for the first time. Defenders are, in essence, suppressors of dreams and even a right back as adventurous as Thuram had not scored once in his 37 previous matches for his country.

Yet the message, in the form of canvas, was on the wall. In a Paris gallery not far from Stade de France where Thuram provided the brushstrokes of history, a painting that could almost have been a premonition depicted him sweeping the ball powerfully, majestically toward the goal.

The art was there before the act. Another painting in the collection depicted what could only be Ronaldo, the Brazil center forward, musciling his way past a defender in French blue. "I never met them, any of them," said Aroldo Governatori, the artist.

"The stadium is like a volcano," Governatori said. "The beauty is in the tension that is sometimes violent, always vibrant."

Governatori's paintings work best when there is man-to-man confrontation for the ball. The violence, the cheating between two players grappling for space is there on every canvas as shirts are pulled, elbows are angled into rib cages or faces. The struggle of movement, of muscle and might.

Governatori, 61, works at his isolated farmhouse near Pau, close to the Pyrenees in southern France. An Italian who settled in France 28 years ago, he knows, as almost any red-blooded Italian knows, the rhythm of soccer and the joy of playing.

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SPORTS

Decathlete Shows He Still Has the Right Stuff

The Associated Press

UNIONDALE, New York — Dan O'Brien, competing in the decathlon for the first time since winning the gold medal in the 1996 Olympics, showed he was still the world's greatest athlete, winning the two-day, 10-event competition in the Goodwill Games.

O'Brien finished with 8,755 points Monday night, a meet record and the best score in the world this year. He was on world record pace going into the final event, the 1,500. He needed to run 4:45.92 to break his mark of 8,891 points, but after competing in hot, humid and windy conditions, he ran 5:08.77.

"I haven't done quite enough work in that event," O'Brien said. "I had the wind in the 1,500. I didn't have the legs. If I can improve on the 1,500, I can break the world record."

"I would like to go out in style in the 2000 Olympics with the record."

O'Brien trailed Chris Huffins, the U.S. champion, by 45 points after the first five events Sunday.

He then opened Monday with a decathlon career-best 13.67 in the 110 hurdles to take a 16-point lead. After



Bill May and Kristina Lum performing their duet, which helped them win the silver in synchronized swimming.

Joyner-Kersee Takes Her Last Leap

Greatest Female Athlete of Generation Retires This Week at 36

By Jere Longman
New York Times Service

UNIONDALE, New York — Her grandmother named her after Jacqueline Kennedy Onassis, because she wanted her to grow up to be "the first lady of something," Jackie Joyner-Kersee fulfilled her grandmother's dream. She retires this week at 36 as the greatest female athlete of her generation, the first lady of track and field.

From modest beginnings in East St. Louis, Illinois, Joyner-Kersee began her long-jumping career on the front porch. She and her two sisters walked to a nearby park, loaded sand in potato-chip bags, carted the sand home and fashioned a jumping pit.

She was called a tomboy for years: She had pigtails, wore cutoff jeans and a T-shirt, hopped the railroad tracks and became so accomplished at the local recreation center that the phone at home rang off the wall, driving her mother to distraction, with strangers wanting Jackie to play on their basketball, softball and volleyball teams.

She quit being a tomboy and became simply an athlete during her sophomore year in high school, when her teams won the state basketball and track titles. The girls practiced in the gym after school, and it was the boys who had to trudge back for practice after dark.

One sport was never enough for Joyner-Kersee, who would play basketball at UCLA and would win three Olympic gold medals — two in the heptathlon, a third in the long jump. On Wednesday, the will complete her final heptathlon at the Goodwill Games. On Saturday, she will perform a farewell long jump in suburban St. Louis.

She retires knowing that her place in history is secure and that there is another queen. Marion Jones, to whom she can hand her crown. Jones said that Joyner-Kersee was her childhood idol and that, "in my mind, she is the best female athlete who ever lived."

"If I can achieve one-quarter of what she achieved, I'd be happy," Jones said.

The gold medals and world records aside, Joyner-Kersee's greatest achievement was that she helped make it O.K. for women to sweat. Along with Wilma Rudolph and Billie Jean King and others, Joyner-Kersee was a pioneer, crossing what was an athletic desert for women. As she retires, that barren landscape has changed.

Title IX, a U.S. federal law, mandates equal opportunities for female athletes at American universities and high schools. American women are the Olympic champions at basketball, soccer and softball.

That was her way too. At the 1991 world championships in Tokyo, she injured her leg during the 200 meters in the heptathlon, but still gave interviews while she lay on a gurney. At the 1996 Summer Olympics, after dropping out of the heptathlon with a hamstring injury, she willed herself to a bronze medal in the long jump, leaping from sixth place to third on her final attempt.

Always, she had to overcome asthma that sometimes forced her to run while wearing a mask and left her gasping for breath. And she also had to overcome unsubstantiated accusations at the 1988 Summer Olympics, leveled by the Brazilian half-miler Joaquin Cruz, that she and her sister-in-law, Florence Griffith Joyner, had won their gold medals through better chemistry. This drug accusation stung her so deeply that she mentioned it Tuesday, a decade later.

"With the drug issue, my performance was swept under the carpet," Joyner-Kersee said. That is long past now and she is enjoying the valetudinary of retirement. She will have many jobs, including helping children in East St. Louis realize "if you work hard, you can be successful."

Last year, Jones came to watch Joyner-Kersee play basketball in Virginia and Joyner-Kersee told her, "You are the one we should be reading about now." Several months later, Jones beat Joyner-Kersee in the long jump at the 1997 national championships and she has rarely lost anything since. More important to Joyner-Kersee, Jones has won with graciousness.

Charles Woodson, the Heisman Trophy winner, has signed with the Oakland Raiders day before the opening of training camp.

Woodson, the fourth overall pick in the draft, reportedly signed a six-year deal worth \$14.5 million, including an \$8 million signing bonus.

"I told my agent when we first talked that I didn't want to be a holdout," the former University of Michigan cornerback said.

Woodson is the highest pick from this year's draft to come to terms with his team. Jon Gruden, the new Raiders coach, said Monday that Woodson will be given a chance to start.

"We don't discriminate because of age," said Gruden, 34, the former offensive coordinator for the Philadelphia Eagles. "I'm a rookie head coach."

Peyton Manning, the top pick in the

"You don't rub it in people's faces," Joyner-Kersee said. "You do it with class and style."

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Raiders Sign Winner of Heisman Trophy

The Associated Press

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"We don't discriminate because of age," said Gruden, 34, the former offensive coordinator for the Philadelphia Eagles. "I'm a rookie head coach."

Peyton Manning, the top pick in the

NFL draft, said he might not reach a deal with Indianapolis before training camp opens Thursday.

"I hope it gets done," said the former Tennessee star. "But it is an important decision and it is one that needs to be done right."

Mark Rypien, a former Super Bowl MVP who signed with Atlanta as a backup quarterback to Chris Chandler, was placed on waivers.

Rypien, 35, signed a two-year, \$1.85 million contract with the Falcons in April. But family illnesses kept Rypien from taking part in any of the team's off-season training camps after he signed.

The 13-year NFL veteran has put his football career on hold since his 2-year-old son was diagnosed with a brain tumor. His wife, Annette, also has a serious illness.

Rypien was the 1991 Super Bowl MVP with Washington.

McGwire's 43d Blast Ties Cardinal Record

St. Louis Slugger Within 18 of Maris's Mark

The Associated Press

Mark McGwire hit his major league-leading 43rd homer, tying the Cardinals' record for homers in a season as St. Louis routed the Padres 13-1 at San Diego.

After Mark Langston allowed Ray Lankford's single leading off the fifth, Brian Boehringer came on to face McGwire. He threw a 2-1 pitch right down the middle, and McGwire muscled it out.

"It was a pretty cool thing," McGwire said. "I was sitting on the pitch

NL ROUNDUP

and got ahead of it. When you anticipate and get a good swing on it, you can drive it a long way."

McGwire, within 18 homers of matching Maris' record of 61 homers in a season, went 4-for-4 and extended his record for homers by the end of July.

The 458-foot shot gave McGwire a share of the club record set by Johnny Mize in 1940.

Cubs 11, Braves 4 Kevin Tapani, the Cub starter, also got a little closer to Maris. Tapani hit what he said was his first-ever home run, a grand slam, as Chicago won in Atlanta.

"That's the first one over the fence," said Tapani, who grew up in Michigan. "We had a lot of snow, so there weren't a lot of chances."

Following his milestone, Tapani was unable to get his souvenir away from two greedy Atlanta fans.

"No, they said they wouldn't give it up," Tapani said. "They wanted a flight

The Associated Press

NEW YORK — The schedule called for a doubleheader. But the Detroit Tigers and the New York Yankees played almost enough innings for a triple-header.

The two teams took 26 innings, 770 pitches and more than nine hours Monday night and ended all even.

They split, with Detroit winning the opener 4-3 in 17 innings and New York coming back for a 4-3 victory in a second game that truly was a nightcap.

"We should get a good night's sleep

AL ROUNDUP

after this one," said Paul O'Neill, the Yankees outfielder, who played every inning.

The final out came at 1:17 A.M. Since the Tigers were making their last trip to Yankee Stadium this year, the American League 1 A.M. curfew was waived.

Joe Randa's run-scoring single with two outs in the 17th ended the longest game for both teams since 1988. It took 5 hours, 50 minutes.

The second game was played in a relatively brisk 2:45.

The whole evening lasted too long for Tigers leadoff man Brian Hunter. Hunter went 0-for-13 in the two games, making the first and last outs of the marathon session, setting a new major league record for most at-bats without a hit in a doubleheader.

In the first game, the Yankees had plenty of chances, leaving 22 runners on base. They left the bases loaded in the eighth, 10th, 12th and 15th, and were listless in their last 16 at-bats with runners in scoring position.

In the first game, Yankees relievers retired 15 straight batters before Luis Gonzalez singled with one out in the 17th. Paul Bako singled with two outs and Randa singled to drive in the winning run.

Sager (3-1), the eighth Tigers pitcher, was the winner a day after being called back up from the minors.

In the second game, Hideki Irabu (9-3) beat the Tigers for the third time this season. Derek Jeter hit a run-scoring single in the third, and the Yankees scored three times in the fourth.

Indiana 5, White Sox 4 Albert Belle was the focal point at Comiskey Park.

On the same day he was selected AL player of the week for the second straight week, Belle was charged with domestic battery. He allegedly hit a woman and ripped her phone from the wall as she tried to call for help Sunday night.

Then he homered for the 11th time in 13 games, raising his season total to 29 for the White Sox. Belle also dropped a fly ball for a three-base error, and Jim Thome's 26th homer helped Cleveland split the four-game series with Chicago.

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Wisdom of the Ages

By Russell Baker

NEW YORK — Wisdom answers his mail:

Dear Wisdom: I've been thinking about these HMOs. What right do they have to make doctors get approval from insurance agents before an insured patient like me can get proper treatment?

(Signed) Jennifer W.

Dear Ms. W.: What are you kicking about? If you weren't so self-centered you'd be asking why there's no health insurance of any kind for millions and millions of suffering people.

At least you've got something to complain about. So the insurance sharks turn off your X-rays. Big deal! Be grateful the insurance business is letting you have anything at all.

Yrs impatiently, Wisdom

Yrs, but also what sexual behavior, if any, will be legally permitted while he serves.

Yrs creatively, Wisdom

Dear Wisdom: I am an old-fashioned TV watcher who still turns to the network news every night, hoping that Brinkley, or Huntley or Cronkite, will be making a comeback. Not that it's likely, I know.

Anyhow, I notice that almost every night half of each network show is devoted to a story about some amazing new medical discovery that will make it possible for everybody to just go right on living and living. My question is this: Why is there never any news at all from the world outside Washington and medical laboratories?

(Signed) Mrs. Thelma C.

Dear Mrs. C.: I take it from your letter that you are no longer 26 years old. From this it follows that what you watch is of no interest whatever to television programmers, none of whom is older than 27, and all of whom have the taste of 14-to-25-year-olds, which is the age that interests their advertisers.

The glut of happy medical news exists for two reasons:

(1) It is much cheaper to produce than it is to have correspondents reporting from Singapore, New Delhi, Brisbane, Johannesburg, Ankara, Caracas or even Kansas City.

(2) By promising immortality, it encourages people like you to keep buying the patient medicines whose ads, promoting ways to survive the nightmare of being over 30, keep TV news in business.

(Signed) Bruce M.

Dear M.: You are suggesting that Americans will only tolerate presidents who are out of touch with the nation's sexual norms. This is silly. All the country cares about is legality.

The problem is that Congress has never codified what is legal and illegal, sexually speaking, for a president.

Write your congressman. Tell him we need a law stating clearly not only what youthful sexual experience will bar people from the highest of

legality.

Cheerlessly yours, Wisdom

New York Times Service

Unlikely Savior Rescues Hip Internet Magazine

By Randy Kennedy
New York Times Service

NEW YORK — When it was born three years ago, the literary Web magazine Word was widely praised as an example of how good Internet content could be, a kind of hip, lo-fi New Yorker magazine for a new generation.

It attracted well-known authors like Mary Gaitskill, who wrote about her first sunburn, and David Foster Wallace, who excerpted a chapter of his novel "Infinite Jest." The magazine won awards, and its hardworking, low-profile editor, Marisa Bowe, even ended up with her picture in Esquire, one of its "women we love."

The only problem? Like other worthy endeavors in the still unmappped world of Internet commerce, Word made no money. Its corporate parent, Icon CMT, which once dreamed of fast profits in Web magazines, closed it in March without so much as a courtesy call. ("They walked in at 5:00 and said, 'Be out of here by 7:00,'" Bowe recalled.)

But now, after months of dire "content is dead" predictions from Web watchers, Word is being reborn.

Its unlikely savior is a Houston company that was founded as an oil business in the 1950s by a young George Bush but that now focuses on processing protein extracted from fish. This summer the company suddenly announced that it would become a major player on the World Wide Web, though it had no experience in the Internet business.

The company, Zapata, controlled by the Glazer family of Rochester, New York, then changed the name of its Internet division to the more cybercool Zap. Like a lonely heart looking for a date, it began advertising in newspapers across the country to buy Web sites.

It is a turn of events that Bowe said can sound like a parody of the Internet business, something Word itself might have published. The staff members now call a Louisiana fish meal company, one of Zapata's holdings, when they have questions about their health plan. ("They're really sweet," Bowe said of her new personnel department.)

The editors count among their new corporate colleagues the Tampa Bay Buccaneers, a team also owned by the Glazers. "It's all kind of nerve-racking," Bowe said one morning before meeting with her staff, "but that's the Internet business itself."



The magazine is a creation that Bowe, 39, had been cultivating, almost unwillingly, for a long time. Growing up in Minneapolis, where her father worked for Control Data Corp., she would roam around a crude precursor to the Web developed by the Defense Department.

In high school, she used the early technology mostly to flirt on-line with male programmers. "So my first primal experiences with computers were all sexy, fun, social," she said. Then came the second part of her education, in which she developed what she calls a populist's passion for the unadorned and unrehearsed in American culture.

There was the job as a trainee lumberjack, then as a cocktail waitress and a taxi driver, all in Minneapolis. ("my mini-Jack-Londonette trip").

She got involved in the city's punk scene, which meant mostly that she "chased the boys in the bands and got dressed up in cool clothes." She can now think of it as "developing my visual esthetic through the medium of sartorial expression."

Moving to New York 13 years ago, she finally graduated from college with a degree in modern European history. She became involved in a "Marxist guerrilla video collective" that produced angry public access television programs and then she managed an on-line interactive bulletin board.

All of that left her with a distinct yearning to create a Web publication for "people turned off by the incessant glare of publicity and promotion and gloss and perfect people using perfect things."

But one that was more funny than preachy. A good sense of the tone can be gained by reading an editor's letter that Bowe posted at Word's Web site — www.word.com — which will become active again in September. Betraying a broad smile, she asked loyal readers to remember that the magazine is "erudite, aggressively avant-garde, trenchant and metastasizing ergonomically," which is not always easy because it also tends to be hermeneutical and "un-echt-gestalt-schadenfreude-y," which loosely translated means taking pleasure in pointing out American society's defects.

Bowe said that the magazine world is filled with niche publications aimed at small groups of readers, like, for example, baking enthusiasts. "Word is for people with a certain kind of a sensibility," she said. "There are probably more of them out there than bakers."

She added, smiling nervously. "But maybe not."

PEOPLE



THREE'S FAMILY — Natasha Richardson, left, Lindsay Lohan, center, and Dennis Quaid at the premiere of their new film, "The Parent Trap," a remake of the 1961 Disney comedy classic.

THE actor Alec Baldwin mouthed "thank you" to jurors who found that he shared the blame with a celebrity photographer for a scuffle outside the movie star's home in 1995. The Los Angeles jury ordered Baldwin to pay \$6,000 in damages to the photographer, Alan Zanger. Because Zanger was found 25 percent responsible, however, his award will be reduced to \$4,500. The photographer, who had sought \$200,000 in lost income, said Baldwin hit him as he filmed the actor and his wife, Kim Basinger, when they were returning home with their newborn daughter.

Matt Damon, the Hollywood star of "Good Will Hunting" and "School Ties," blasted young actors as "morons" in a newly unearthed interview he gave four years ago that was never published. "For the most part, young actors in Hollywood are actors by default," said the actor and Oscar-winning writer, who was then 23. "They were a model last week, and they're an actor this

week." He added, "They're morons." The interview, which will be published Aug. 4 in Gear magazine, was conducted by Jeff Gremillion, a graduate student of journalism at Columbia University working on a class assignment. At the time, Damon was a movie wannabe searching for work. Gremillion recently sought a follow-up interview with Damon, but his letter and phone calls went unanswered.

The South African writer Nadine Gordimer has been named to help promote programs to combat poverty in developing countries, the United Nations Development Program said. Gordimer, 64, received the Nobel Prize in Literature in 1991. "Ms. Gordimer's commitment to social justice and her outspoken support for the disenfranchised have established her as a strong international voice for the world's poor and disadvantaged," the agency said.

Mohamed al Fayed and six employ-

ees won't be prosecuted for allegedly interfering with a safe-deposit box at Harrods, the British police said. Tiny Rowland, who in 1985 lost a bitter battle with al Fayed for control of the London store, said in a lawsuit last year that in 1995, al Fayed persuaded the

employees at Harrods to break into Rowland's deposit box, which contained jewels worth hundreds of thousands of pounds. But a statement from Scotland Yard said that "there is no realistic prospect of conviction for any criminal offenses."

Joyce's 'Ulysses' Voted Best English Novel

The Associated Press

NEW YORK — James Joyce's "Ulysses" has been voted the best English-language novel published this century, heading a list of 100 novels selected by a jury of scholars and writers.

The list was drawn up by the editorial board of the Modern Library, a division of Random House that has been publishing classic literature since 1917, a Random House spokesman said. Those voting were Daniel J. Boorstin, A.S. Byatt, Christopher Cerf, Shelby Foote, Vartan Gregorian, Edmund Morris, John Richardson, Arthur Schlesinger Jr., William Styron and Gore Vidal.

"Ulysses," which recounts a single day in the lives of a group of Dubliners, was followed by F. Scott Fitzgerald's "The Great Gatsby." In third place was another novel by Joyce, "A Portrait of the Artist as a Young Man"; followed by Vladimir Nabokov's "Lolita"; and Aldous Huxley's "Brave New World."

"We tried to pick books that were of great merit and proven over time," said Cerf, chairman of the Modern Library editorial board.



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